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Financial reports and audited financial statements, and reports of the Board of Auditors

Implementation of the recommendations of the Board of Auditors contained in its reports on the United Nations funds and programmes for the financial period ended 31 December 2011

Report of the Secretary-General

Addendum

Summary

The present report is submitted pursuant to General Assembly resolution 48/216 B, in which the executive heads of the United Nations funds and programmes were requested to report to the Assembly at the same time as the Board of Auditors submitted its recommendations on measures taken or to be taken to implement those recommendations.

The Secretary-General has the honour to transmit to the General Assembly the responses of the executive heads of the funds and programmes, namely the International Trade Centre, the United Nations University, the United Nations Development Programme, the United Nations Children's Fund, the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the United Nations Institute for Training and Research, the voluntary funds administered by the Office of the United Nations High Commissioner for Refugees, the Fund of the United Nations Environment Programme, the United Nations Population Fund, the United Nations Human Settlements Programme, the Fund of the United Nations International Drug Control Programme and the Fund of the United Nations Crime Prevention and Criminal Justice Programme of the United Nations Office on Drugs and Crime, the United Nations Office for Project Services, the International Criminal Tribunal for Rwanda, the International Tribunal for the Former Yugoslavia, and the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women).

* A/67/150.

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The present report provides information further to the comments already submitted to the Board of Auditors, which in some cases were included in the Board's final reports to the executive heads of the respective funds and programmes. The executive heads have concurred with many of the Board's recommendations and most of their comments have been duly reflected in the reports of the Board. Therefore, in an effort to reduce redundancy and streamline documentation, the present report provides additional comments from the executive heads only where required, as well as information on the status of implementation, the office responsible, the estimated completion date and the priority for each recommendation contained in the report of the Board of Auditors. In addition, the present report contains an update on the status of implementation of the recommendations of the Board relating to prior periods that the Board considered not to have been fully implemented.

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I. Introduction

1. The present report is submitted in accordance with the provisions of paragraph 7 of General Assembly resolution 48/216 B, whereby the Assembly requested the executive heads of the United Nations funds and programmes to provide, at the same time as the recommendations of the Board of Auditors were submitted to the Assembly, through the Advisory Committee on Administrative and Budgetary Questions, their responses and to indicate measures that would be taken to implement those recommendations, with appropriate timetables.

2. In the preparation of the present report, account was taken of the provisions of the following General Assembly resolutions:

(a) Resolution 52/212 B, in particular paragraphs 3 to 5, and the note by the Secretary-General transmitting the proposals of the Board for improving the implementation of its recommendations approved by the Assembly (A/52/753);

(b) Resolution 65/243 A, paragraph 17, in which the Assembly reiterated its request that the Secretary-General indicate in future reports on the implementation of the recommendations of the Board of Auditors on the financial statements of the United Nations funds and programmes, an expected time frame for the implementation of the recommendations of the Board, as well as the priorities for their implementation and the office holders to be held accountable, and paragraph 16, in which the Assembly reiterated its request that the Secretary-General provide a full explanation for delays in implementation of the recommendations of the Board for prior periods, in particular those recommendations not yet fully implemented which were two or more years old.

3. In respect of time frames, every effort has been made by the executive heads to establish target dates for completion of the implementation of recommendations. However, in some cases the executive heads consider them to be ongoing tasks for which target dates cannot be set for completion.

4. With regard to prioritization, it is noted that the Board categorizes the most important recommendations as "main recommendations". While all accepted recommendations of the Board will be implemented in a timely manner, the main recommendations will be given the highest priority. In addition, any recommendations relating to "matters of emphasis" will be treated with the utmost urgency.

5. Given that the executive heads have concurred with almost all of the Board's recommendations and that many of their comments have been duly reflected in the report of the Board of Auditors, detailed comments are not necessarily provided for all recommendations for the financial period ended 31 December 2011. However, in accordance with paragraph 16 of resolution 65/243 A, additional information will be provided for all recommendations relating to prior periods that the Board considered not to have been fully implemented.

II. International Trade Centre (United Nations Conference on Trade and Development/World Trade Organization)

A. Implementation of the recommendations contained in the report of the Board of Auditors for the biennium ended 31 December 2011[1]

6. The status of implementation of the main recommendations as of July 2012 is summarized in table 1.

Table 1
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Office of the Executive Director	3	–	–	3	3	–
Division of Programme Support and United Nations Secretariat	1	–	–	1	1	–
Division of Programme Support	1	–	–	1	1	–
Technical divisions	1	–	–	1	1	–
Total	**6**	**–**	**–**	**6**	**6**	**–**
Percentage	**100**			**100**		

7. The status of implementation of all recommendations as of July 2012 is summarized in table 2.

Table 2
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Office of the Executive Director	5	–	–	5	5	–
Division of Programme Support and United Nations Secretariat	4	–	–	4	4	–
Division of Programme Support	7	–	–	7	7	–
Technical divisions	4	–	–	4	4	–
Total	**20**	**–**	**–**	**20**	**20**	**–**
Percentage	**100**			**100**		

[1] A/67/5 (Vol. III), chap. II.

8. **In paragraph 17, the International Trade Centre (United Nations Conference on Trade and Development/World Trade Organization) (ITC) accepted the Board's recommendation that it review the operating reserves requirements, including whether the 15 per cent ceiling for the reserve balance is required. ITC will review the level of the sufficiency of the operating reserve and submit a proposal to the United Nations.**

9. Administrative Instruction ST/AI/285 requires that 15 per cent of the annual expenditures of the technical cooperation projects normally be maintained for the operating reserve. ITC will review the level of the sufficiency of the operating reserve and, if necessary, will submit a proposal to the United Nations Secretariat.

Department responsible:	Division of Programme Support and United Nations Secretariat
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2013

10. **In paragraph 19, the Board recommended that ITC maintain an up-to-date database of consultants and their performance, and follow the recommended United Nations policies for the appointment of consultants.**

11. ITC notes that a consultant's database that includes information on performance will be operational by the end of the fourth quarter of 2013. ITC will also continue to review existing United Nations policies on the appointment of consultants and align itself with these policies in accordance with the Centre's delegation of authority in human resources matters.

Department responsible:	Division of Programme Support
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

12. **In paragraph 21, the Board recommended that ITC (a) manage its accounts receivable by regularly pursuing such significant outstanding debts and, where necessary, regularly seeking agreement on significant balances, and (b) actively consider the need to impair assets where no positive confirmation has been obtained.**

13. Further follow-up actions will be taken in respect of accounts receivable with the United Nations Development Programme (UNDP) offices. ITC is in the process of reviewing/following up on the long-outstanding balances and for those that are irrecoverable, it will request the Controller's approval for write-off.

Department responsible:	Division of Programme Support
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

14. **In paragraph 26, the Board recommended that ITC develop robust and documented quality-control procedures to validate the integrity of the data supplied to its actuaries concerning staff end-of-service liabilities.**

15. ITC accepts the recommendation and notes that this would require consultation with the Controller's office as to the specifics.

Department responsible:	Division of Programme Support and United Nations Secretariat
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

16. **In paragraph 29, the Board recommended that ITC fully align its disclosures regarding end-of-service liabilities with International Public Sector Accounting Standards (IPSAS) 25 for 2012-2013 (including, for example, by providing more information in its note disclosures of the impact of changes in discount rates on its stated liabilities).**

17. Within the overall IPSAS implementation strategy, this will be developed in consultation with United Nations Headquarters.

Department responsible:	Division of Programme Support and United Nations Secretariat
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

18. **In paragraph 31, ITC agreed with the Board's recommendation that it review the methodology for charging programme support and ensure that the full costs of staff are charged to all projects. ITC will review the amount accrued and consider increasing the rate to include the funding of end-of-service liabilities.**

19. The programme support cost has been established to cover all the administrative costs, including staff costs relating to the implementation/ management of projects. The percentage rate was approved by the General Assembly in its resolution 35/217. An 8 per cent charge for repatriation grant accrual is currently applied to all ITC funds. ITC will review the amount accrued in that respect and consider increasing the rate so as to include the funding of end-of-service liabilities. ITC will submit a proposal to United Nations Headquarters for its consideration and approval.

Department responsible:	Division of Programme Support and United Nations Secretariat
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

20. **In paragraph 39, the Board recommended that ITC continually review its risks and IPSAS gap analysis, and identify alternative mitigating solutions within the control of ITC management for the outstanding issues.**

21. ITC reviews and updates the risk register monthly together with the United Nations Secretariat IPSAS team.

Department responsible:	Division of Programme Support
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

22. **In paragraph 45, the Board recommended that ITC develop a set of pro forma IPSAS financial statements that are internally reviewed, using an appropriate IPSAS disclosure guide prior to discussion with the Board.**

23. ITC started the financial statement exercise in October 2011. The exercise was reviewed by the United Nations Secretariat IPSAS team and feedback was received. ITC will continue to improve and complete the exercise by the last quarter of 2012 in accordance with the Centre's IPSAS implementation activities plan. It is also planned to have a dry run of the financial statements in mid-2014 populated with IPSAS-compliant data.

Department responsible:	Division of Programme Support
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

24. **In paragraph 50, the Board recommended that ITC clearly identify the objectives and envisaged benefits of the IPSAS project and develop a methodology to track and manage benefits realization.**

25. ITC has identified and tracked the benefits of the IPSAS project in a separate report document entitled the IPSAS dividend report, which was submitted to the Task Force on Accounting Standards through the United Nations Secretariat IPSAS team. ITC will continue to identify, track and manage the benefits. It should be noted that this is a long-term objective. ITC is consulting with and will follow the lead of the United Nations Secretariat in this matter. It understands that the IPSAS team is working on this matter, which could be replicated by other entities, and the first version is expected in 2013.

Department responsible:	Division of Programme Support
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

26. **In paragraph 51, the Board recommended that ITC enhance its organization-wide change management programme for IPSAS by specifying how senior management in each business unit must take ownership of and drive the delivery of the intended benefits during and after IPSAS implementation.**

27. ITC senior management will be engaged in developing the benefits realization plans and will take ownership, but this will and can only occur after the United Nations has developed its plan.

Department responsible:	Division of Programme Support
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

28. **In paragraph 59, the Board recommended that ITC (a) when reporting its achievement indicators, provide accompanying commentary and data that illustrates the extent to which the number of entities reporting improvements attributable to ITC are located in priority or less developed countries, (b) integrate its selected performance indicators with published synthesis reporting of its periodic detailed evaluation of programmes, to provide deeper insight and assurance on the existence of improvements and their attribution to ITC input, and (c) reduce the inconsistency and variation in the reported achievement indicators by producing detailed data definitions and guidance notes as soon as possible after the agreement of the indicators and well before 1 January 2014.**

29. ITC agrees that when reporting about its achievement indicators, it will put in place an effective process to identify attribution in terms of priority and less developed countries. It also plans to use the evaluation function to assess performance related to the achievement of indicators through published synthesis reporting. Finally, ITC will follow a participative and inclusive process to produce and disseminate clarification of, and sources of verification for, the terms used in the indicators of achievement for the biennium 2014-2015.

Department responsible:	Office of the Executive Director
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

30. **In paragraph 60, the Board also recommended that ITC consult with its stakeholders and other trade promotion agencies to ensure harmonization of reporting, and that the burdens implied by its own requirements be sustainable.**

31. ITC will continue to pursue harmonization of reporting with its stakeholders and other trade promotion agencies.

Department responsible:	Office of the Executive Director
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

32. **In paragraph 65, the Board reiterated its recommendation to establish a link between achievements and the resources allocated, and to use data on underachievement to inform the reallocation of funds.**

33. ITC is currently conducting the pilot assessment of the cost for delivery standard output. Upon refinement of the data collected from this exercise, it is expected that the results will serve to facilitate the launch of the enterprise resource planning project (Umoja) in the Organization.

Department responsible:	Office of the Executive Director
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2015

34. **In paragraph 66, the Board recommended that ITC engage with the Umoja implementation team to secure the adoption of human resources time capture.**

35. ITC agrees to engage with the Umoja team in order to explore how best to reflect the cost of human resources input in projects.

Department responsible:	Division of Programme Support
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2015

36. **In paragraph 73, the Board recommended that ITC consider the case for moving to a recognized project management code or standard within three years.**

37. ITC is currently identifying and disseminating good practices in the field of project and programme management. It is expected that this first phase will constitute the basis to progress towards the adoption of a recognized management code.

Department responsible:	Office of the Executive Director
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2015

38. **In paragraph 76, the Board recommended that ITC scrutinize any significant changes in projects' key project management documentation (such as alterations to budgets, scope and outputs) during the "implementation — monitoring phase" through evidenced review by at least one member of senior management, quality reviewers or a project sponsor.**

39. ITC is committed to having an accountability system to carefully scrutinize all significant changes in projects' key documentation (such as alterations to budgets, scope and outputs) during project implementation.

Department responsible:	Technical divisions
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

40. **In paragraph 78, the Board recommended that ITC define a specific project sponsor role in its project management process and for each project, responsible for confirming that (a) sufficient staff and financial resources are in place to deliver the project, (b) arrangements are in place to manage interdependencies between projects in multi-project programmes and (c) appropriate arrangements are in place to track project outcomes in terms of the achieved effects on beneficiaries, beyond the actual delivery of the project.**

41. ITC is committed to having for each project an accountability system to ensure that sufficient staff and financial resources are in principle available to deliver the project and that arrangements are in place to manage interdependencies between projects in multi-project programmes, and to track project outcomes beyond the actual delivery of the project.

Department responsible:	Technical divisions
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

42. **In paragraph 80, the Board recommended that ITC, with immediate effect, require both peer reviewers and senior management to seek evidence of detailed planning for at least the early phases of work following initiation.**

43. ITC is committed to establish a system that ensures due accountability to verify the existence of detailed planning for projects during the inception phase.

Department responsible:	Office of the Executive Director
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

44. **In paragraph 82, the Board recommended that ITC define for each project at the initiation stage its detailed project management processes and outputs, including the project progress reports that will be used to track progress against milestones in terms of (a) the detailed project management activities to be completed, (b) measures of earned value or outputs and (c) actual and anticipated expenditure.**

45. ITC is committed to establish a system that ensures due accountability to monitor progress in project implementation against milestones, including activities, outputs and expenditure.

Department responsible:	Technical divisions
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

46. **In paragraph 84, the Board recommended that ITC project managers and Quality Assurance Group reviewers specifically consider (a) whether risk has been adequately assessed, including whether its impact has been quantified in**

monetary terms (where the risk has a financial consequence), (b) how far identified risks are addressed by mitigation/contingency arrangements and (c) whether clear responsibility and accountability for managing the identified risk has been allocated.

47. ITC agrees to put in place, at the project design stage, an effective risk management system that ensures the identification and financial assessment of risks, mitigation/contingency arrangements and due accountability for their management.

Department responsible: Technical divisions

Status: In progress

Priority: High

Target date: Fourth quarter of 2013

B. Implementation of the recommendations contained in the report of the Board of Auditors for the prior biennium

48. In annex I to its report for the biennium ended 31 December 2011 (A/67/5 (Vol. III), chap. II), the Board provided a summary of the status of implementation of outstanding recommendations from the previous financial period. The overall situation as of July 2012 regarding the six recommendations assessed as "partially implemented" and/or "not implemented" by the Board is summarized in table 3. The information on the prior recommendations is set out in the order in which they are presented in annex I.

Table 3
Status of implementation of recommendations from the prior period considered not fully implemented in annex I to the report of the Board of Auditors for the biennium ended 31 December 2011

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or overtaken by events*	*In progress*	*Target date set*	*No target date*
Division of Programme Support	1	–	1	–	–	–
Division of Programme Support and United Nations Secretariat	3	–	2	1	1	–
Office of the Executive Director	2	–	1	1	1	–
Total	**6**	**–**	**4**	**2**	**2**	**–**
Percentage	**100**		**67**	**33**		

Report of the Board for the financial period ended 2009[2]

49. **In paragraph 22, the Board recommended that ITC analyse the impact of applying IPSAS to its administrative and financial procedures.**

[2] A/65/5 (Vol. III), chap. II.

50. This recommendation has been superseded and replaced by the recommendation in paragraph 39 of the Board's report on the financial statements for the biennium 2010-2011.

Department responsible:	Division of Programme Support
Status:	Overtaken by events
Priority:	High
Target date:	Not applicable

51. **In paragraph 41, the Board recommended that ITC pursue its efforts to increase the level of the operating reserves until the prescribed level is reached.**

52. This recommendation has been superseded and replaced by the recommendation in paragraph 17 of the Board's report on the financial statements for the biennium 2010-2011.

Department responsible:	Division of Programme Support and United Nations Secretariat
Status:	Overtaken by events
Priority:	High
Target date:	Not applicable

53. **In paragraph 63, the Board recommended that ITC consider a review of its policy for the valuation of leave liability in its implementation of IPSAS.**

54. The Board considered this recommendation as no longer relevant and replaced it with the recommendation in paragraph 29 of its report on the financial statements for the biennium 2010-2011.

Department responsible:	Division of Programme Support and United Nations Secretariat
Status:	Overtaken by events
Priority:	High
Target date:	Not applicable

55. **In paragraph 67, the Board recommended that ITC develop a funding plan for the end-of-service liabilities for consideration and approval by the United Nations General Assembly and the General Council of the World Trade Organization.**

56. A decision on funding of liabilities has been deferred until the United Nations Secretariat has established such a policy. ITC is reviewing the charge for staff costs to technical cooperation projects and will submit a proposal to the United Nations Secretariat.

Department responsible:	Division of Programme Support and United Nations Secretariat
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

57. **In paragraph 76, the Board recommended that ITC refine its indicators of achievement and associated targets with a view to better assessing the qualitative impact of its projects.**

58. ITC indicators of achievement have been refined and reviewed by its Joint Advisory Group, and were endorsed by the Committee for Programme and Coordination in June 2012 (see A/67/6 (Prog. 10) and E/AC.51/2012/L.4/Add.26). Associated targets will be finalized in 2014.

Department responsible: Office of the Executive Director

Status: In progress

Priority: High

Target date: Fourth quarter of 2014

59. **In paragraph 78, the Board recommended that ITC reflect on the method of creating links between budgetary resources and results.**

60. This recommendation has been replaced by the recommendation in paragraph 65 of the Board's report on the financial statements for the biennium 2010-2011.

Department responsible: Office of the Executive Director

Status: Overtaken by events

Priority: High

Target date: Not applicable

III. United Nations University

A. Implementation of the recommendations contained in the report of the Board of Auditors for the biennium ended 31 December 2011[3]

61. The status of implementation of the main recommendations as of July 2012 is summarized in table 4.

Table 4
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Administration	3	–	–	3	3	–
Office of the Rector	2	–	–	2	2	–
Total	**5**	–	–	**5**	**5**	–
Percentage	**100**			**100**		

62. The status of implementation of all recommendations as of July 2012 is summarized in table 5.

[3] A/67/5 (Vol. IV), chap. II.

Table 5
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Administration	7	–	–	7	7	–
Office of the Rector	2	–	–	2	2	–
Total	**9**	–	–	**9**	**9**	–
Percentage	**100**			**100**		

63. **In paragraph 25, the United Nations University (UNU) agreed with the Board's recommendation to formalize arrangements with the Investment Management Division of the United Nations Joint Staff Pension Fund to clearly define the responsibilities and obligations of each entity.**

64. Discussions are ongoing to finalize the memorandum of understanding with the Investment Management Division to define the respective responsibilities and obligations.

Department responsible: Administration

Status: In progress

Priority: High

Target date: Fourth quarter of 2013

65. **In paragraph 26, the Board also recommended that UNU, in cooperation with the Investment Management Division, clearly articulate the relationship with and responsibility of the investment adviser (Nikko Global Asset Management Inc. (NIKKO)) in terms of investment.**

66. Reference should be made to the management comments above relating to the recommendation in paragraph 25 of the Board's report.

Department responsible: Administration

Status: In progress

Priority: High

Target date: Fourth quarter of 2013

67. **In paragraph 33, the Board recommended that UNU expedite its preparations for the implementation of IPSAS, including but not limited to establishing an implementing team and developing an action plan.**

68. The IPSAS project team has been set up and a detailed workplan has been prepared. UNU is currently working on enterprise resource planning system readiness in order to generate IPSAS-compliant opening balances and to reconfigure work processes.

Department responsible:	Administration
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

69. **In paragraph 34, the Board recommended that UNU, in cooperation with UNDP, customize and enhance the Atlas system it is using to fully support its IPSAS implementation.**

70. UNU is currently working on enterprise resource planning system readiness in order to generate IPSAS-compliant opening balances and to reconfigure work processes.

Department responsible:	Office of the Rector
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

71. **In paragraph 39, UNU agreed with the Board's recommendations to (a) establish a mechanism to coordinate and monitor projects and programmes effectively, and (b) conduct an annual "spot check", whereby a selected number of projects would be evaluated.**

72. A new project management system (Pelikan) is under development and is expected to be ready in 2013.

Department responsible:	Office of the Rector
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

73. **In paragraph 42, UNU agreed with the Board's recommendations to strictly follow the requirements in the Procurement Manual and conduct a formal extension process for the contract in a timely manner.**

74. A formal contract extension process is being undertaken. Guidelines on contractor performance evaluation are being drafted and are expected to be implemented in 2012.

Department responsible:	Administration
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

75. **In paragraph 46, UNU agreed with the Board's recommendations to introduce a formal procedure for contractor performance evaluation in order to improve its procurement process.**

76. Reference should be made to the management comments above relating to the recommendation in paragraph 42 of the Board's report.

Department responsible:	Administration
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

77. **In paragraph 51, UNU agreed with the Board's recommendation that it improve the management of staff recruitment by strictly complying with related requirement policies and maintaining complete records relating to staff recruitment.**

78. Guidelines on the recruitment processes of personnel, including the mandatory requirement to maintain all related records, are currently being sent to human resources focal points at the University to ensure adherence by all hiring units.

Department responsible:	Administration
Status:	In progress
Priority:	Medium
Target date:	Third quarter of 2012

79. **In paragraph 54, UNU agreed with the Board's recommendation to (a) develop a detailed formula and policy guidelines for determining the remuneration scale for the University's temporary contractors, and (b) ensure that consultant contracts are approved by authorization in accordance with the UNU personnel policy.**

80. Guidelines are being drafted to determine the remuneration scale for the University's temporary contractors and procedures will be put in place to ensure that consultant contracts are authorized in accordance with the personnel policy.

Department responsible:	Administration
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2013

B. Implementation of the recommendations contained in the report of the Board of Auditors for the prior biennium

81. In the annex to its report for the biennium ended 31 December 2011 (A/67/5 (Vol. IV), chap. II), the Board provided a summary of the status of implementation of outstanding recommendations from the previous financial period. The overall situation as of July 2012 regarding the eight outstanding recommendations assessed as "partially implemented" and/or "not implemented" by the Board is summarized in table 6. The information on prior recommendations is set out in the order in which they are presented in the annex.

Table 6
Status of implementation of recommendations from the prior period considered not fully implemented in the annex to the report of the Board of Auditors for the biennium ended 31 December 2011

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Administration	5	–	–	5	5	–
Office of the Rector	3	–	–	3	3	–
Total	**8**	**–**	**–**	**8**	**8**	**–**
Percentage	**100**			**100**		

Report of the Board for the financial period ended 2009[4]

82. **In paragraph 26, the Board recommended that UNU review, in coordination with the United Nations Joint Staff Pension Fund, the current allocation in the investment portfolio in relation to the proportion of the equity investment in the Endowment Fund.**

83. This matter is pending finalization of the memorandum of understanding with the Investment Management Division in the United Nations Joint Staff Pension Fund to define the respective responsibilities and obligations.

Department responsible: Administration

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2013

84. **In paragraph 34, the Board recommended that UNU develop a funding plan for the end-of-service liabilities for consideration and approval by the UNU Council.**

85. UNU is monitoring the solution taken by the United Nations Secretariat to assess if it will be applicable to the UNU environment.

Department responsible: Administration

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2013

86. **In paragraph 42, the Board recommended that UNU consider a revision of UNU policy for the valuation of leave liability in UNU implementation of IPSAS.**

87. There are ongoing discussions with the United Nations Accounts Division and the IPSAS system-wide group regarding this matter.

[4] A/65/5 (Vol. IV), chap. II.

Department responsible: Administration

Status: In progress

Priority: High

Target date: Fourth quarter of 2013

88. **In paragraph 59 (b), the Board recommended that UNU maintain essential files relating to project implementation.**

89. A new project management system (Pelikan) is under development and is expected to be ready in 2013.

Department responsible: Office of the Rector

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2013

90. **In paragraph 63, the Board recommended that UNU take measures to improve project management by including required information in the project workplans.**

91. Reference should be made to the management comments above relating to the recommendation in paragraph 59 (b) of the Board's report for the biennium ended 31 December 2009.

Department responsible: Office of the Rector

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2013

92. **In paragraph 65, the Board recommended that UNU take measures, in coordination with UNDP, to improve the query function of Atlas on the basis of a cost-effective analysis.**

93. Ongoing efforts are being made to evaluate ways of generating automated programme/project financial reports either directly from Atlas or indirectly through other reporting software.

Department responsible: Office of the Rector

Status: In progress

Priority: High

Target date: Fourth quarter of 2013

94. **In paragraph 83, the Board recommended that UNU ensure that, in the selection of personnel, all the required procedures relating to the recruitment process are followed.**

95. Reference should be made to the management comments above relating to the recommendation in paragraph 51 of the Board's report for the biennium ended 31 December 2011.

Department responsible: Administration

Status: In progress

Priority: High

Target date: Third quarter of 2012

96. **In paragraph 86, UNU agreed with the Board's recommendation that, in coordination with the Office of Internal Oversight Services, it expedite the finalization of the funding agreement for the provision of internal audit services to UNU.**

97. This matter is pending finalization of the ongoing discussions with the Office of Internal Oversight Services.

Department responsible: Administration

Status: In progress

Priority: High

Target date: Fourth quarter of 2012

IV. United Nations Development Programme

A. Implementation of the recommendations contained in the report of the Board of Auditors for the biennium ended 31 December 2011[5]

98. The status of implementation of the main recommendations as of July 2012 is summarized in table 7.

Table 7
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Advisory Committee on Procurement	1	–	–	1	1	–
Office of Finance and Administration	10	–	–	10	10	–
Office of Human Resources	1	–	–	1	1	–
Office of Information Systems and Technology	2	–	–	2	2	–
Procurement Support Office	2	–	–	2	2	–
Regional Bureau for Arab States	1	–	–	1	1	–
Regional bureaux	4	–	–	4	4	–
United Nations Capital Development Fund	2	–	–	2	2	–
Total	**23**	**–**	**–**	**23**	**23**	**–**
Percentage	**100**			**100**		

[5] A/67/5/Add.1, chap. II.

99. The status of implementation of all recommendations as of July 2012 is summarized in table 8.

Table 8
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Advisory Committee on Procurement	2	–	–	2	2	–
Office of Finance and Administration	13	–	–	13	13	–
Office of Human Resources	1	–	–	1	1	–
Office of Information Systems and Technology	2	–	–	2	2	–
Procurement Support Office	5	–	–	5	5	–
Regional Bureau for Arab States	1	–	–	1	1	–
Regional bureaux	7	–	–	7	7	–
United Nations Capital Development Fund	2	–	–	2	2	–
Total	**33**	–	–	**33**	**33**	–
Percentage	**100**			**100**		

100. **In paragraph 23, UNDP agreed with the Board's recommendation to (a) develop an IPSAS benefits realization plan, (b) finalize the clean-up of long outstanding inter-agency legacy balances and (c) monitor its timelines in the preparation of opening balance and dry-run financial statements.**

101. UNDP will develop a benefit realization plan, address inter-agency balances and complete a dry run of financial statements under IPSAS.

Department responsible: Office of Finance and Administration

Status: In progress

Priority: High

Target date: Third quarter of 2013

102. **In paragraph 24, UNDP agreed with the Board's recommendation to consider strategies on how the new information generated from IPSAS implementation will support decision-making in the organization.**

103. IPSAS-based management reports have been rolled out and their effective usage will be reinforced and monitored.

Department responsible: Office of Finance and Administration

Status: In progress

Priority: High

Target date: Fourth quarter of 2012

104. **In paragraph 33, UNDP agreed with the Board's recommendation to seek further cooperation from its partners in managing refunds and improve related monitoring processes.**

105. Refunds to donors are an ongoing process. UNDP will focus specifically on long-outstanding refunds.

Department responsible: Office of Finance and Administration

Status: In progress

Priority: Medium

Target date: Second quarter of 2013

106. **In paragraph 37, UNDP agreed with the Board's recommendation that it (a) follow up with the identified country offices to improve the bank reconciliation process and (b) consider, on a risk basis, a detailed review of bank accounts of country offices where it identifies specific risks.**

107. Target capacity-building initiatives will be identified and implemented jointly with regional bureaux of those identified offices.

Department responsible: Office of Finance and Administration

Status: In progress

Priority: High

Target date: Second quarter of 2013

108. **In paragraph 45, UNDP agreed with the Board's recommendation that it work in partnership with other United Nations agencies to ensure complete and timely submissions and reconciliations of inter-agency balances.**

109. UNDP will have follow-up reviews with other United Nations agencies that have concerns about timely submission of inter-fund certifications to UNDP.

Department responsible: Office of Finance and Administration

Status: In progress

Priority: High

Target date: Third quarter of 2013

110. **In paragraph 52, UNDP agreed with the Board's reiterated recommendation that it resolve the dispute regarding inter-fund differences in its accounts with the United Nations Office for Project Services (UNOPS).**

111. This matter is currently being closely coordinated with counterparts in UNOPS.

Department responsible: Office of Finance and Administration

Status: In progress

Priority: Medium

Target date: Second quarter of 2013

112. **In paragraph 53, UNDP agreed with the Board's recommendation that it (a) obtain confirmation of balances from UNOPS prior to closure of its account and perform a reconciliation of inter-fund balances, (b) obtain semi-annual reports and certifications from UNOPS and (c) establish an adequate validation for the amounts provided by UNOPS before it processes the management service agreement transactions.**

113. UNDP will work on further improving the current transaction validation process with UNOPS and implement a semi-annual transaction reconciliation process.

Department responsible: Office of Finance and Administration

Status: In progress

Priority: High

Target date: Second quarter of 2013

114. **In paragraph 61, UNDP agreed with the Board's reiterated recommendation that it provide fully for all end-of-service liabilities as part of its implementation of IPSAS.**

115. UNDP will review funding strategy with the Executive Board and progressively implement the approved funding plan for end-of-service liabilities.

Department responsible: Office of Finance and Administration

Status: In progress

Priority: High

Target date: Fourth quarter of 2013

116. **In paragraph 62, UNDP agreed with the Board's recommendation that it formulate funding plans for end-of-service liabilities relating to accrued leave and termination and repatriation benefits.**

117. UNDP will formulate a funding plan for all end-of-service liabilities, including repatriation benefits, the accrued leave liability and termination benefits.

Department responsible: Office of Finance and Administration

Status: In progress

Priority: High

Target date: Third quarter of 2013

118. **In paragraph 70, UNDP agreed with the Board's recommendation that UNDP regional bureaux consider the results of the national implementation audit process and work with implementing partners to address the weaknesses identified in the process. A focus should be on those implementing partners which have recurring negative reports.**

119. UNDP will continue to monitor national implementation audit results, review causes and consider alternative arrangements for implementing partners with persistent negative audit results.

Department responsible: Regional bureaux

Status: In progress

Priority: High

Target date: Second quarter of 2013

120. **In paragraph 72, UNDP agreed with the Board's recommendation that it consider other procedures of obtaining assurance that funds were spent as intended in the Egypt country office.**

121. UNDP will implement alternative assurance measures, including bank statements verification, asset purchases verification and review of audit results for 2011 and 2012.

Department responsible: Regional Bureau for Arab States

Status: In progress

Priority: High

Target date: First quarter of 2013

122. **In paragraph 75, UNDP agreed with the Board's reiterated recommendation that through the regional bureaux it (a) prioritize the financial closure of all operationally closed projects and (b) address the causes of delays in the finalization of project closure.**

123. UNDP will accelerate the financial closure of operationally completed projects, analyse underlying causes and measure and monitor progress.

Department responsible: Regional bureaux

Status: In progress

Priority: High

Target date: First quarter of 2013

124. **In paragraph 77, UNDP agreed with the Board's recommendation that it enhance the quality of information regarding projects through regular review of project information in Atlas.**

125. UNDP will enhance the project quality assurance process and conduct periodic country office project review by leveraging Atlas project enhancements.

Department responsible: Regional bureaux

Status: In progress

Priority: High

Target date: Second quarter of 2013

126. **In paragraph 79, UNDP agreed with the Board's recommendation that UNDP country offices monitor the receipt of quarterly combined delivery reports.**

127. UNDP will review and rationalize the donor reporting strategy at the country-office level and implement mechanisms to monitor the timeliness of submission of donor reports, including combined delivery reports.

Department responsible:	Regional bureaux
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2013

128. **In paragraph 81, UNDP agreed with the Board's recommendation that country offices perform field visits and final project reviews to assess project performance and success, and to improve on lessons learned.**

129. UNDP will establish a mechanism for regional bureaux to review regularly the status of project visits by country offices.

Department responsible:	Regional bureaux
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2013

130. **In paragraph 86, UNDP agreed with the Board's recommendation to (a) review all projects with microfinance activities and assess its policies to ensure consistent recording of these activities and (b) implement adequate project monitoring controls over microlending activities, in line with project agreements.**

131. UNDP will review its accounting guidelines for microfinancing activities and develop monitoring controls on microlending activities.

Department responsible:	Office of Finance and Administration
Status:	In progress
Priority:	High
Target date:	Second quarter of 2013

132. **In paragraph 92, the Board shared the findings and recommendations of the Advisory Committee of the United Nations Development Group and underscored the need to consider ways of enhancing the framework.**

133. UNDP will align itself with the anticipated policy decision arising from the harmonized approach to cash transfers global assessment exercise commissioned by the United Nations Development Group Harmonized Approach to Cash Transfers Advisory Committee and develop UNDP-specific action plans.

Department responsible:	Office of Finance and Administration
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2013

134. **In paragraph 94, UNDP agreed with the Board's recommendation that it (a) consider enhancing the roles of oversight and monitoring of implementation of the harmonized approach to cash transfers framework at country offices and (b) consider mechanisms to foster a common understanding and application of the framework by country offices as part of an inter-agency process.**

135. Reference should be made to the management comments above relating to the recommendation in paragraph 92 of the Board's report.

Department responsible:	Regional bureaux
Status:	In progress
Priority:	High
Target date:	Third quarter of 2013

136. **In paragraph 98, the Board recommended that UNDP consider further strengthening of oversight and monitoring of field-level activities associated with procurement, trust funds, projects, asset management, the harmonized approach to cash transfers, and human resources, to ensure accountability in the context of its highly decentralized structure and compliance with UNDP policies and procedures.**

137. This action will be informed in part by decisions arising from the current business and service delivery model review under the Agenda for organizational change, and plans will be progressively implemented.

Department responsible:	Regional bureaux
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

138. **In paragraph 102, UNDP agreed with the Board's reiterated recommendation that it consider the implementation of individual and consolidated procurement plans at country offices and headquarters based on an analysis of procurement needs.**

139. A concept note on the implementation of an integrated approach for procurement planning within the project life cycle is being developed. Guidance notes will be developed to support the implementation plan.

Department responsible:	Procurement Support Office
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

140. **In paragraph 103, UNDP agreed with the Board's reiterated recommendation that it (a) improve its maintenance and use of the procurement dashboard, and (b) strengthen monitoring support to the regional bureaux for procurement actions at country offices.**

141. UNDP will review data quality issues and provide clear guidelines for the effective use of the procurement dashboard at its offices and headquarters as a management oversight/monitoring tool.

Department responsible:	Procurement Support Office
Status:	In progress
Priority:	High
Target date:	Second quarter of 2013

142. **In paragraph 104, UNDP agreed with the Board's reiterated recommendation that it (a) perform a regular review of buyer profiles in Atlas to ensure that only certified procurement staff have buyer profiles and remove inappropriate profiles from Atlas, and (b) consider mechanisms aimed at improving the certification rate of personnel performing procurement functions.**

143. UNDP will conduct regular reviews of users with buyer profiles in Atlas and take steps to further improve the procurement buyer certification rate (to 80 per cent) in its offices.

Department responsible:	Procurement Support Office
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

144. **In paragraph 107, UNDP agreed with the Board's recommendation that it (a) implement measures to enhance monitoring and oversight on direct contracting and other non-competitive procurement methods, and (b) plan its procurement activities in a timely manner to allow for competitive bidding and compliance with applicable procurement rules, for example, by notifying all the requisitioners six months in advance of the need to start planning for a procurement exercise.**

145. UNDP will reinforce its procurement policies with practitioners in learning events and conduct periodic spot checks to ensure compliance where inconsistent application of policies is noted by the Board.

Department responsible:	Procurement Support Office
Status:	In progress
Priority:	High
Target date:	Second quarter of 2013

146. **In paragraph 110, the Board recommended that UNDP country offices (a) implement adequate segregation of duties in the procurement process to avoid conflict of interest, (b) regularly perform vendor evaluations and (c) adhere to UNDP solicitation and contract award rules.**

147. Reference should be made to the management comments above relating to the recommendation in paragraph 107 of the Board's report.

Department responsible: Advisory Committee on Procurement

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2013

148. **In paragraph 111, UNDP agreed with the Board's recommendation that UNDP headquarters consider the application of its oversight role to ensure that country offices comply with the UNDP procurement measures currently being implemented by the Advisory Committee policies and procedures.**

149. Enhancements have been made to integrate the current procurement contract approval system across the organization. Targeted compliance reviews will be made for key high-risk procurement contracts.

Department responsible: Advisory Committee on Procurement

Status: In progress

Priority: High

Target date: Fourth quarter of 2013

150. **In paragraph 115, the Board shared the findings and recommendations contained in the report of the Office of Audit and Investigations, and underscored the need for UNDP to address the matters highlighted in its corporate procurement audit report.**

151. Progressive efforts are being made to address the 13 recommendations issued in April 2012 by the Office of Audit and Investigations in its report.

Department responsible: Procurement Support Office

Status: In progress

Priority: Medium

Target date: Second quarter of 2013

152. **In paragraph 119, UNDP agreed with the Board's recommendation that it strengthen asset management controls in the field by (a) reviewing its guidance available to country offices, or (b) training in asset management. Its initiatives should focus on asset verification procedures, asset identification and recording on acquisition, asset recognition and recording, and asset transfer procedures.**

153. Asset-related policies and controls that are currently in place will be reviewed leading to the dry run of the 2012 financial statement preparation process.

Department responsible: Office of Finance and Administration

Status: In progress

Priority: High

Target date: Third quarter of 2013

154. In paragraph 123, UNDP agreed with the Board's recommendation to perform a thorough review of the completeness and accuracy of its land and building records.

155. Reference should be made to the management comments above relating to the recommendation in paragraph 119 of the Board's report.

Department responsible: Office of Finance and Administration

Status: In progress

Priority: High

Target date: Third quarter of 2013

156. In paragraph 127, UNDP agreed with the Board's reiterated recommendation that it (a) improve all controls over leave administration to ensure accurate leave balances and (b) prioritize addressing weaknesses in leave management.

157. Quality assurance controls for leave balances will be reviewed leading to the dry run of the 2012 financial statement preparation process.

Department responsible: Office of Human Resources

Status: In progress

Priority: High

Target date: Second quarter of 2013

158. In paragraph 131, UNDP agreed with the Board's recommendation to (a) update the Atlas Change Control Manual to reflect practical working methods applied during the change process, (b) implement procedures to ensure that all types of changes are signed off by the business owners, (c) complete and implement the draft testing strategy plan, (d) maintain supporting documents for unit and user acceptance testing, and (e) regularly review the activities of the database administrators and access to the production database, and keep evidence of such reviews.

159. The formal testing strategy plan is being finalized to reflect the recommendations of the Board. Periodic reviews of the activities of the database administrator will be conducted and documented accordingly.

Department responsible: Office of Information Systems and Technology

Status: In progress

Priority: High

Target date: Third quarter of 2013

160. In paragraph 135, UNDP agreed with the Board's recommendation to (a) evaluate the criteria for data fixes and (b) update the Atlas Change Control Manual to clearly define the different types of change and clearly define controls to be followed for each type of change.

161. The Atlas Change Control Manual is being revised further to reflect the recommendation of the Board.

Department responsible: Office of Information Systems and Technology

Status: In progress

Priority: High

Target date: Fourth quarter of 2012

162. **In paragraph 145, the United Nations Capital Development Fund agreed with the Board's recommendation to (a) perform regular reviews and reconciliations of the general ledger to detect errors, (b) subject its accounts to a review and challenge during the financial statement preparation process to ensure that financial information presented is accurate and a complete reflection of the activities that have occurred, and (c) review the level at which the operational reserve is maintained to ensure that maximum funds are available for programme activities.**

163. The revised process for reconciliation of the general ledger figures will be tested as part of the dry run of the financial statement for 2012 under IPSAS. The review of the level of operational reserve requires further dialogue with the Executive Board.

Department responsible:	United Nations Capital Development Fund
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

164. **In paragraph 149, UNDP agreed with the Board's reiterated recommendation that the United Nations Capital Development Fund (a) fully provide for after-service health insurance and end-of-service liabilities, (b) establish a policy to fund the liabilities and (c) implement processes to correctly compute and accrue for the annual leave liability.**

165. A United Nations Capital Development Fund-specific funding policy is being developed that will address how the after-service health insurance and end-of-service liabilities will be fully funded.

Department responsible:	United Nations Capital Development Fund
Status:	In progress
Priority:	High
Target date:	Second quarter of 2013

B. Implementation of the recommendations contained in the report of the Board of Auditors for the prior biennium

166. In annex I to its report for the biennium ended 31 December 2011 (A/67/5/Add.1, chap. II), the Board provided a summary of the status of implementation of outstanding recommendations from previous financial periods. The overall situation as of July 2012 regarding the 22 outstanding recommendations assessed as "partially implemented" and/or "not implemented" by the Board is summarized in table 9. The information on prior recommendations is set out in the order in which they are presented in annex I.

Table 9
Status of implementation of recommendations from prior periods considered not fully implemented in annex I to the report of the Board of Auditors for the biennium ended 31 December 2011

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*[a]	*In progress*	*Target date set*	*No target date*
Office of Audit and Investigations	1	–	1	–	–	–
Office of Finance and Administration	9	–	3	6	6	–
Office of Human Resources	3	–	2	1	1	–
Office of Information Systems and Technology	1	–	1	–	–	–
Procurement Support Office	4	–	–	4	4	–
Regional bureaux	3	–	3	–	–	–
United Nations Capital Development Fund	1	–	–	1	1	–
Total	**22**	**–**	**10**	**12**	**12**	**–**
Percentage	**100**		**45**	**55**		

[a] Includes recommendations where closure is requested by UNDP.

Report of the Board for the financial period ended 2009[6]

167. **In paragraph 71, UNDP agreed with the Board's reiterated recommendation that it implement measures to fully analyse and review the accounts related to refunds pending to donors and take steps to clear those accounts regularly.**

168. In its audit report for the biennium 2010-2011 the Board has acknowledged the significant efforts made by UNDP during the biennium in reducing pending refunds to donors by 64 per cent. For this reason, UNDP is requesting closure of this recommendation.

Department responsible: Office of Finance and Administration

Status: Implemented

Priority: High

Target date: Not applicable

169. **In paragraph 139, UNDP agreed with the Board's recommendation that it continue its efforts to reconcile inter-agency balances with other United Nations agencies.**

170. UNDP has implemented its procedures for requesting confirmation of inter-fund balances from United Nations agencies by closure of their accounts by the end of April 2012 and it has followed up with the agencies accordingly. UNDP is therefore requesting closure of this recommendation.

[6] A/65/5/Add.1, chap. II.

Department responsible: Office of Finance and Administration

Status: Implemented

Priority: Medium

Target date: Not applicable

171. **In paragraph 145, the Board recommended that UNDP, in conjunction with UNOPS, resolve long-outstanding differences noted in the inter-fund reconciliation.**

172. Discussions are ongoing with UNOPS to resolve prior-year residual differences in inter-fund balances.

Department responsible: Office of Finance and Administration

Status: In progress

Priority: Medium

Target date: Third quarter of 2013

173. **In paragraph 151, the Board reiterated its previous recommendation that UNDP provide fully for all end-of-service liabilities.**

174. As explained to the Board, the implementation of this recommendation is not required under United Nations system accounting standards though UNDP has already accrued for after-service health insurance amounting to $453.2 million. The funding plan for all end-of-service liabilities will be rationalized in 2012 with the adoption of IPSAS.

Department responsible: Office of Finance and Administration

Status: In progress

Priority: High

Target date: Fourth quarter of 2013

175. **In paragraph 152, the Board recommended that UNDP consider a funding policy for all end-of-service liabilities.**

176. Reference should be made to the management comments above relating to the recommendation in paragraph 151 of the Board's report for the biennium ended 31 December 2009.

Department responsible: Office of Finance and Administration

Status: In progress

Priority: High

Target date: Third quarter of 2013

177. **In paragraph 168, the Board recommended that UNDP reconsider and formalize its portfolio investment strategy for after-service health insurance-related assets.**

178. This recommendation is complex and requires ongoing dialogue with the United Nations Joint Staff Pension Fund.

Department responsible: Office of Finance and Administration

Status: In progress

Priority: High

Target date: Third quarter of 2013

179. **In paragraph 173, the Board reiterated its previous recommendation that UNDP accurately calculate and disclose the actual accrued annual leave and repatriation grant liabilities on the face of the financial statements.**

180. As explained to the Board, the United Nations system accounting standards do not require the disclosure of actual accrued leave and repatriation grant liabilities on the face of the financial statements.

Department responsible: Office of Finance and Administration

Status: In progress

Priority: High

Target date: Second quarter of 2013

181. **In paragraph 175, the Board recommended that the United Nations Capital Development Fund and the United Nations Development Fund for Women (a) fully provide for after-service health insurance and end-of-service liabilities, (b) establish a policy to fund the liabilities and (c) correctly calculate and accrue for the annual leave liability.**

182. The United Nations Capital Development Fund, which is a fund administered by UNDP, is also aligned with the United Nations system accounting standards, hence this recommendation will only be fully implemented with the adoption of IPSAS in the United Nations Capital Development Fund.

Department responsible: United Nations Capital Development Fund

Status: In progress

Priority: High

Target date: Fourth quarter of 2013

183. **In paragraph 229, the Board reiterated its previous recommendation that UNDP (a) prioritize the financial closure of all operationally closed projects and (b) address the causes for delays in the finalization of projects.**

184. While the Board has acknowledged diligent follow-up efforts, more could be done at the regional bureau level as an integral part of the enhanced project management control.

Department responsible: Office of Finance and Administration

Status: In progress

Priority: High

Target date: Second quarter of 2013

185. **In paragraph 241, the Board recommended that (a) the harmonized approach to cash transfers process at country offices, as it relates to UNDP, be**

reviewed by regional bureaux to provide an independent review of the process and (b) that Headquarters take on the responsibility of driving the harmonized approach to cash transfers (HACT) implementation, monitoring and oversight of the progress of UNDP country offices.

186. The implementation of HACT in programme countries is a joint effort of the Executive Committee[7] agencies that make up the United Nations country team. The United Nations Development Group HACT Advisory Committee has commissioned a global assessment of current governance and implementation challenges of the approach and is reviewing its recommendations. In UNDP, the oversight of HACT implementation remains the responsibility of the regional directors. UNDP is therefore requesting closure of this recommendation.

Department responsible:	Regional bureaux
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

187. **In paragraph 245, the Board considered the findings and recommendation of the joint audit team as important and recommended that UNDP apply lessons learned and recommendations to other UNDP country offices.**

188. Lessons learned from the joint HACT audits are factored into the global assessment of HACT implementation commissioned by the United Nations Development Group HACT Advisory Committee. UNDP is therefore requesting closure of this recommendation.

Department responsible:	Regional bureaux
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

189. **In paragraph 251, UNDP agreed with the Board's reiterated recommendation to put in place individual and consolidated procurement plans at all country offices and at headquarters.**

190. Consistent with the procurement road map approved by the Organizational Performance Group, this recommendation has been reprioritized accordingly to 2012 as part of the Agenda for organizational change in UNDP.

Department responsible:	Procurement Support Office
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

[7] The United Nations Development Group Executive Committee consists of the four funds and programmes that report directly to the Secretary-General: UNDP; the United Nations Children's Fund; the United Nations Population Fund and the World Food Programme (the High Commissioner for Human Rights is an ex officio member of the Committee).

191. **In paragraph 252, UNDP agreed with the Board's reiterated recommendation to implement the procurement planning software tool and ensure that it is used by all country offices and relevant headquarters units.**

192. Reference should be made to the management comments above relating to the recommendation in paragraph 251 of the Board's report for the biennium ended 31 December 2009.

Department responsible:	Procurement Support Office
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

193. **In paragraph 264, UNDP agreed with the Board's recommendation that it (a) perform a regular review of "buyer" profiles in Atlas to ensure that only procurement staff have a "buyer" profile and remove all "buyer" profiles for non-procurement staff in Atlas, and (b) improve the certification rate.**

194. As of December 2011, the buyer procurement certification rate was 60 per cent. More work is required as part of the recently approved procurement capacity assessment framework, which emphasizes professionalization of the procurement functions before higher delegation of procurement authorities are granted by the chief procurement officer.

Department responsible:	Procurement Support Office
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

195. **In paragraph 272, UNDP agreed with the Board's recommendation that it (a) review the purchase vouchers issued without a purchase order and address the shortcomings thereof, (b) implement controls to ensure that all purchase vouchers (except for exceptions provided for in Programme and Operational Policies and Procedures) are issued with a purchase order and (c) monitor compliance.**

196. Monitoring of exceptions to procurement policies is an ongoing management responsibility. More work remains to strengthen the oversight role of the regional bureaux.

Department responsible:	Procurement Support Office
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2013

197. **In paragraph 312, UNDP agreed with the Board's reiterated recommendation that it improve all controls over leave administration to ensure accurate leave balances.**

198. As explained to the Board, UNDP has taken several steps towards improving the controls over leave administration in line with the adoption of IPSAS in January

2012. The measures included the implementation of leave absence monitoring functionalities in Atlas for all staff, electronic leave request and approval workflow, data quality review by the IPSAS team as data clean-up strategy and related user training. UNDP is therefore requesting the closure of this recommendation.

Department responsible:	Office of Human Resources
Status:	Implemented
Priority:	High
Target date:	Not applicable

199. **In paragraph 316, UNDP agreed with the Board's recommendation that it (a) prioritize addressing weaknesses in leave administration, (b) expedite the configuration and use of the Atlas absence management module and (c) ensure that leave monitors' leave balance is independently reviewed by their direct supervisors.**

200. Leave administration has been one of the top priority items of management in UNDP in preparation for the adoption of IPSAS in 2012. The absence monitoring system in Atlas has been fully implemented in UNDP, supplemented by user training. UNDP is therefore requesting the closure of this recommendation.

Department responsible:	Office of Human Resources
Status:	Implemented
Priority:	High
Target date:	Not applicable

201. **In paragraph 323, UNDP agreed with the Board's recommendation that it consider developing a tool that would enable it to track the vacancy rate and vacancy lead times throughout the organization.**

202. The focus in 2011 has been to respond to preparation for the data clean-up and roll-out of the leave absence module in Atlas so as to support the IPSAS implementation. New web-based recruitment functionality in Atlas is being explored.

Department responsible:	Office of Human Resources
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2013

203. **In paragraph 368, the Board recommended that UNDP (a) perform regular quality assurance checks of all data fixes made in the production environment, (b) ensure that all types of changes are signed off by business owners, (c) ensure that mandatory fields are captured in TeamTrack and (d) regularly review the activities of database administrators and access to the production environment.**

204. Consistent with its governance structure, UNDP has taken steps to re-emphasize compliance with the change review control policies and procedures through its Change Control Board. UNDP is therefore requesting the closure of this recommendation.

Department responsible: Office of Information Systems and Technology

Status: Implemented

Priority: High

Target date: Not applicable

205. **In paragraph 395, the Board recommended that UNDP ensure that all country offices comply with the minimum operating security standards.**

206. Monitoring and control mechanisms have been enhanced. These measures include the implementation of the minimum operating security standards self-assessment platform and the inclusion of minimum operating security standards compliance of all UNDP country offices on the balanced scorecard system. Monitoring is ongoing and the heads of offices have the responsibility to address risks associated with the changing operating environments. UNDP is therefore requesting the closure of this recommendation.

Department responsible: Regional bureaux

Status: Implemented

Priority: High

Target date: Not applicable

207. **In paragraph 399, the Board reiterated its previous recommendation that UNDP, in collaboration with the United Nations Development Operations Coordination Office, implement controls to ensure that standard memorandums of understanding are completed for all common service agreements at the country level.**

208. The monitoring mechanism has been enhanced with a reminder for country offices to ensure compliance with standard lease agreements and that exceptions are duly escalated. A web-based system has been implemented as a control mechanism and to serve as a repository of all common service agreements signed at the country level. UNDP is therefore requesting the closure of this recommendation.

Department responsible: Office of Finance and Administration

Status: Implemented

Priority: High

Target date: Not applicable

209. **In paragraph 438, the Board recommended that the Office of Audit and Investigations continue to strive for improvement in the six remaining internal audit standards.**

210. In its report for the biennium 2010-2011, the Board noted that in the follow-up self-assessment review conducted by the Office of Audit and Investigations, internal audit activities continued to be in general conformity with international internal auditing standards. The Board also noted that the Office has taken proactive steps to further improve the quality of service it provides in its audit function. UNDP is requesting the closure of this recommendation.

Department responsible: Office of Audit and Investigations

Status: Implemented

Priority: Medium

Target date: Not applicable

V. United Nations Children's Fund

A. Implementation of the recommendations contained in the report of the Board of Auditors for the biennium ended 31 December 2011[8]

211. The status of implementation of the main recommendations as of July 2012 is summarized in table 10.

Table 10
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Division of Financial and Administrative Management	4	–	–	4	4	–
Division of Financial and Administrative Management and Division of Policy and Strategy	1	–	–	1	1	–
Division of Policy and Strategy	5	–	–	5	5	–
Information Technology Solutions and Services Division	1	–	–	1	1	–
Private Fundraising and Partnerships Division	3	–	–	3	3	–
Total	**14**	**–**	**–**	**14**	**14**	**–**
Percentage	**100**			**100**		

212. The status of implementation of all recommendations as of July 2012 is summarized in table 11.

[8] A/67/5/Add.2, chap. II.

Table 11
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Division of Financial and Administrative Management	8	–	–	8	8	–
Division of Financial and Administrative Management and Division of Human Resources	2	–	–	2	2	–
Division of Financial and Administrative Management and Division of Policy and Strategy	1	–	–	1	1	–
Division of Human Resources	2	–	–	2	2	–
Division of Policy and Strategy	8	–	–	8	8	–
Information Technology Solutions and Services Division	2	–	–	2	2	–
Private Fundraising and Partnerships Division	3	–	–	3	3	–
Programme Division	1	–	–	1	1	–
Supply Division	2	–	–	2	2	–
Total	**29**	–	–	**29**	**29**	–
Percentage	**100**			**100**		

213. **In paragraph 9, the Board recommended that the United Nations Children's Fund (UNICEF) (a) further review the necessity and the fundraising capacity with respect to posts that have been vacant for long periods, (b) abolish those posts that are deemed unnecessary or that have lacked sufficient funding for a considerable period of time and (c) take appropriate measures to fill the remaining vacancies.**

214. With regard to parts (a) and (b) of the recommendation, the budget policy on post management will include clarification concerning the criteria for abolishment of posts. The annual budget review guidelines will be reviewed and amended, as appropriate, to emphasize the requirement for thorough review of vacant positions, including, inter alia, duration and funding.

215. With regard to part (c) of the recommendation, UNICEF considers it implemented, as evidenced by a vacancy rate for funded posts of 3.63 per cent, which is considered reasonable. Nevertheless, UNICEF will continue to work proactively with all offices to encourage timely action to fill vacant positions.

Department responsible: Division of Financial and Administrative Management and Division of Human Resources

Status: In progress

Priority: Medium

Target date: First quarter of 2013

216. **In paragraph 15, the Board recommended that UNICEF clearly define the scope of the term "support personnel" and disclose those staff costs relating to operational functions as administrative or programme support expenditure in the financial statements.**

217. UNICEF agreed to update its policies to include a clear definition of the term "support personnel". It is currently assessing the expense disclosure requirements under IPSAS.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

218. **In paragraph 22, UNICEF agreed with the Board's recommendation that it develop procedures to appropriately use the reserve for after-service health insurance and correctly reflect its expenditure in the financial statements.**

219. Procedures on the use of the reserve for after-service health insurance are being developed. Starting in 2012, payments for after-service health insurance will be made directly from the reserve and reflected in the 2012 financial statements accordingly.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2013

220. **In paragraph 29, the Board recommended that UNICEF (a) take into account historical vacancy rates and, where possible, quantify foreseeable factors that have an impact on the budget when preparing its support budget in future, and (b) apply more reasonable and fully justified budget assumptions so as to present a more transparent and justified budget in future.**

221. UNICEF agreed to continue monitoring the trend of actual vacancy rates and to apply an appropriate vacancy rate in future budget submissions on the bases of this trend analysis.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Third quarter of 2013

222. **In paragraph 34, the Board recommended that UNICEF prepare programme budget proposals for each office that include detailed activities and outcomes based on the actual requirements and resources available.**

223. UNICEF will prepare and approve the programme budget proposal for offices on the bases of actual requirements and available projected resources.

Department responsible:	Division of Policy and Strategy
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

224. **In paragraph 39, the Board recommended that UNICEF review its current budget preparation methodology in order to ensure that budgets are prepared and presented in an integrated manner so that the Executive Board obtains an overall picture of the institutional and thematic resources needed to achieve the expected objectives.**

225. UNICEF is engaged in an inter-agency process, with UNDP and UNFPA, at the request of its Executive Board, to develop an integrated budget for harmonized use from 2014. UNICEF will consider the strategic methodological improvements proposed by the Board through this inter-agency process.

Department responsible:	Division of Financial and Administrative Management and Division of Policy and Strategy
Status:	In progress
Priority:	High
Target date:	Third quarter of 2013

226. **In paragraph 43, the Board recommended that UNICEF ensure that financial resources are reasonably determined so as to reflect the actual requirements for the achievement of the expected objectives set out in the budget.**

227. UNICEF uses all information available at the time of budget development for system initiatives. Budgets are periodically updated should factors contributing to the cost of these initiatives significantly change.

Department responsible:	Information Technology Solutions and Services Division
Status:	In progress
Priority:	High
Target date:	Second quarter of 2013

228. **In paragraph 45, the Board recommended that UNICEF comply strictly with the requirement of the Executive Board that it seek the approval of the appropriate authority when the budget ceiling is exceeded.**

229. UNICEF agrees to comply with the requirements of Executive Board decision 2009/2[9] with regard to seeking senior approval from the appropriate authority when the budget ceiling is exceeded and will provide guidance to all offices accordingly.

[9] See E/ICEF/2009/14.

Department responsible:	Division of Policy and Strategy
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

230. **In paragraph 48, the Board recommended that UNICEF establish a mechanism for performance reporting to the Executive Board on the utilization of biennial support budget resources, the explanation of variances between the original budget and actual expenditure, and the fulfilment of expected results.**

231. While UNICEF complies fully with current requirements for performance reporting to the Executive Board articulated in its Financial Regulations and associated decisions, it notes that such requirements will be augmented from 2012 as a result of the adoption of IPSAS. UNICEF will ensure that it continues to be fully compliant in this respect.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Third quarter of 2013

232. **In paragraph 58, UNICEF agreed with the Board's recommendations that it require its country offices to (a) comply with the provisions of the UNICEF Programme Policy and Procedure Manual requiring the preparation of an annual management plan with clearly defined baselines, targets and performance indicators, and (b) periodically review the annual workplan/ annual management plan and expedite the implementation of planned activities to ensure that all targets are met.**

233. UNICEF is currently simplifying the process to develop, monitor and review annual management plans so as to ensure compliance with the provisions of its Programme Policy and Procedure Manual. Once a portal has been created, regional offices will be able to systematically monitor the compliance of country offices in preparing timely annual management plans and progress in the achievement of management results.

Department responsible:	Division of Policy and Strategy
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

234. **In paragraph 63, the Board recommended that the headquarters divisions of the United Nations Children's Fund work with all country offices to ensure the implementation of capacity assessments and assurance activities in accordance with the framework for cash transfers to implementing partners.**

235. UNICEF will revise guidance and provide training materials to strengthen HACT implementation and compliance. Regional offices will also be requested to provide specific support to countries not complying with the HACT framework.

Department responsible: Division of Policy and Strategy

Status: In progress

Priority: High

Target date: Second quarter of 2013

236. **In paragraph 64, the Board also recommended that UNICEF ensure that its country offices strictly monitor the payment procedure in order to ensure that appropriate authorizations are obtained prior to the release of cash transfers to implementing partners.**

237. The direct cash transfer payment process in Vision includes checks to ensure appropriate approval of payments. Furthermore, exception reporting is available from the Vision performance management system to facilitate review of compliance with this control by country, regional and headquarters management.

Department responsible: Division of Financial and Administrative Management

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

238. **In paragraph 67, UNICEF agreed with the Board's recommendation that it comply with the relevant requirements of its Programme Policy and Procedure Manual with regard to raising requisitions and making disbursements.**

239. UNICEF will introduce into the guidance on the country office annual management plans a requirement to monitor and report on the value of disbursements prior to the signing of workplans by partners. However, requisitions are allowable prior to the signing of workplans. This measure will enable managers to ensure that budgets are secured ahead of entering into legal commitments with partners (signing of annual workplans).

Department responsible: Division of Policy and Strategy

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

240. **In paragraph 72, UNICEF agreed with the Board's recommendation that it consider revising the methodology and periodicity with respect to the monitoring of direct cash transfer utilization.**

241. Reports available in the Vision performance management system were designed to facilitate more regular monitoring of direct cash transfers. Furthermore, the UNICEF policy on cash disbursements outlines the revised requirements related to the methodology and periodicity of reporting.

Department responsible: Division of Financial and Administrative Management

Status: In progress

Priority: Medium

Target date: First quarter of 2013

242. **In paragraph 76, the Board reiterated its previous recommendation that UNICEF ensure that its country offices prepare realistic integrated monitoring and evaluation plans, and make every effort to improve their completion rates.**

243. UNICEF will undertake training to ensure that its country offices are able to prepare realistic integrated monitoring and evaluation plans, and make every effort to improve the completion rate. Actual implementation will be monitored through the manager's dashboard.

Department responsible: Division of Policy and Strategy

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2013

244. **In paragraph 81, UNICEF agreed with the Board's recommendation that it improve annual reporting by supplementing the Data Companion with more selective key indicators on programme performance to represent the direct actions and contributions of UNICEF through country programmes of cooperation.**

245. Consideration of different performance measures will be examined as part of the medium-term strategic plan review and in the development of the new medium-term strategic plan for 2014-2017.

Department responsible: Division of Policy and Strategy

Status: In progress

Priority: High

Target date: First quarter of 2014

246. **In paragraph 87, UNICEF agreed with the Board's recommendations that it (a) ensure that all country offices improve their annual reports by integrating information on the in-depth analysis of programme performance disparities and the resulting impact on programme implementation, and (b) analyse the performance disparities within country offices with respect to each strategy and provide support or guidance to those country offices whose performance falls far short of the benchmarks.**

247. UNICEF will ensure that revised guidance includes a requirement for offices to analyse the performance disparities with respect to each strategy. Support will also be provided to those country offices whose performance falls far short of the benchmarks.

Department responsible:	Division of Policy and Strategy
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

248. **In paragraph 98, the Board recommended that UNICEF (a) develop procedures and strengthen its monitoring of contributions (including contributions in kind) to ensure the completeness and accuracy of reporting on income due to UNICEF by the National Committees, including but not limited to obtaining sufficient agreements between the Committees and their donors; reviewing and improving, where appropriate, the reporting requirements with respect to the revenue and expenditure reports; and obtaining audited financial statements and certified revenue and expenditure reports in a timely manner, and (b) strengthen communication with the National Committees to ensure that all eligible funds raised are transferred to UNICEF in a timely manner.**

249. UNICEF agrees to strengthen monitoring of contributions, including establishing thresholds to obtain material agreements between the National Committees and their donors. It will continue to monitor and follow up on timely submission of certified revenue and expenditure reports.

250. UNICEF already receives cash forecasts from the National Committees detailing when amounts due are expected to be remitted and follows up directly with the Committees when funds are late.

Department responsible:	Private Fundraising and Partnerships Division
Status:	In progress
Priority:	High
Target date:	First quarter of 2014

251. **In paragraph 112, the Board recommended that UNICEF (a) strengthen the monitoring of the administrative expenditure of the National Committees with a view to maximizing the resources to be used in UNICEF programmes for children, (b) in cooperation with the Committees, bring down the costs related to private sector fundraising so that more money can be used for the delivery of the Fund's mandate and (c) conduct continuous monitoring and review of National Committee sales of UNICEF-owned cards and products, and take more effective measures, based on a careful analysis of possible losses and gains, to enhance the net revenue therefrom or discontinue the operations if they are incurring losses on a recurrent basis.**

252. UNICEF is working to strengthen the monitoring of National Committee expenditure levels and cost effectiveness as part of the joint strategic planning process with the Committees. This action includes regular review of goals and targets that are not in line with market and growth potential, and when agreed targets are not met.

253. Efficiency reviews currently under way will highlight further areas for improvement in the overall private fundraising and partnership cost structure, including cards and products. The cards and products performance is already being closely monitored following the rationalization process. However, the full financial

benefits of the process will not become apparent until after the 2012 sales campaign results are reported in 2013.

Department responsible:	Private Fundraising and Partnerships Division
Status:	In progress
Priority:	High
Target date:	First quarter of 2014

254. **In paragraph 123, the Board recommended that UNICEF (a) strengthen the monitoring of National Committee conversions of regular resources to other resources to maximize the amount of unrestricted funds for UNICEF, review the rationale of the clause relating to funds conversion in the cooperation agreement and carefully monitor donations that are raised under the UNICEF name but are not used in UNICEF programmes, so as to avoid reputational risk, (b) require the National Committees to disclose discretely in their revenue and expenditure reports the costs of advocacy and education for development, and ensure that advocacy resources are used by the Committees for the benefit of the most disadvantaged children, and (c) in collaboration with all National Committees, fully comply with the requirements of the cooperation agreement in order to ensure that the Committees' affiliated parties are duly monitored.**

255. UNICEF agrees to monitor the conversions of regular resources to other resources. This measure will be implemented as part of the cooperation agreement monitoring mechanism being put in place in 2012.

256. UNICEF and the National Committees have agreed that a new revenue and expenditure report will be implemented for 2013 reporting, which will separate costs relating to advocacy and education for development. In the meantime, joint strategic plans are already being drawn up to ensure that National Committee advocacy resources are allocated in accordance with the UNICEF global advocacy framework.

257. UNICEF will incorporate the requirements in the new cooperation agreement regarding the National Committee monitoring mechanism being put in place.

Department responsible:	Private Fundraising and Partnerships Division
Status:	In progress
Priority:	High
Target date:	First quarter of 2014

258. **In paragraph 127, the Board recommended that UNICEF (a) consider developing an IPSAS benefit realization plan to allow for the full achievement of the expected benefits of IPSAS. and (b) continue its active communication with the Board to expedite the timely finalization of its accounting policy position paper regarding the treatment of private sector funds raised by the National Committees.**

259. UNICEF agrees to consider the development of an IPSAS benefit realization plan.

260. UNICEF will continue discussions with the Board as it finalizes its accounting policy position paper regarding the treatment of private sector funds raised by the National Committees.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Second quarter of 2013

261. **In paragraph 128, the Board also recommended that UNICEF (a) make timely decisions regarding the merits of implementing the deferred functionalities included in the original scope of the enterprise resource planning project and, if planning appropriate, accelerate the completion of all processes relating to the enterprise resource planning system as planned, and (b) expedite the implementation of Approva to manage sensitive system access and the process of managing segregation of duties in accordance with the internal controls policy.**

262. UNICEF considers the assessment of deferred modules as implemented in 2011 as part of the enterprise resource planning go-live risk assessment.

263. UNICEF fully implemented Approva in 2012 and is making significant progress on institutionalizing the segregation of duties in Vision.

Department responsible:	Information Technology Solutions and Services Division
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2013

264. **In paragraph 131, UNICEF agreed with the Board's reiterated recommendation that it ensure that its offices strictly comply with the provisions set out in the Supply Manual in relation to competitive bidding.**

265. UNICEF will ensure that its offices strictly comply with the provisions set out in the Supply Manual in relation to competitive bidding by continuing to emphasize the importance of compliance through its training on introduction to public procurement.

Department responsible:	Supply Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

266. **In paragraph 134, UNICEF agreed with the Board's recommendation that it ensure that all offices enhance communication with suppliers to identify the reasons for delays and take measures to ensure the delivery of supplies in a timely manner.**

267. UNICEF will enhance communication with suppliers to identify the reasons for delays and take measures to ensure the delivery of supplies in a timely manner by including delivery performance expectations in its discussions with suppliers, as appropriate.

Department responsible:	Supply Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

268. **In paragraph 138, the Board recommended that UNICEF take measures to ensure that country offices conduct a physical count of non-expendable property and reconcile the results of the physical count with the database records by year-end to the extent possible.**

269. Support, training and guidance are being provided to all offices in order to ensure compliance with the reporting requirements.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

270. **In paragraph 140, the Board reiterated its previous recommendation that UNICEF take appropriate measures to improve its management of non-expendable property in order to ensure the completeness and accuracy of records concerning non-expendable property.**

271. In preparation for data migration to Vision, all offices conducted physical counts and corrected non-expendable property records in order to ensure completeness and accuracy. UNICEF policies now include procedures that will ensure that records concerning non-expendable property continue to be complete and accurate. Support, training and guidance are being provided to all offices in order to ensure compliance with the policy.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

272. **In paragraph 144, the Board reiterated its previous recommendation that UNICEF comply strictly with the requirements of the UNICEF Human Resources Manual in relation to the selection process so as to secure transparency, fairness and competitiveness.**

273. UNICEF is in the process of improving the policy and reinforcing it through messages to heads of offices. When completed, training will also be provided to offices.

Department responsible: Division of Human Resources

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2013

274. **In paragraph 148, UNICEF agreed with the Board's recommendation that it (a) adhere strictly to the requirements of the UNICEF Human Resources Manual in issuing contracts for consultants and individual contractors, and (b) consider employing temporary assistance instead of issuing such contracts if the services are needed on a continuous basis beyond a three-month period.**

275. UNICEF will issue a global message to heads of offices reinforcing policy and advising offices to consider temporary appointments if services are needed on a continuous basis.

Department responsible: Division of Human Resources

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

276. **In paragraph 149, UNICEF also agreed with the Board's recommendation that it (a) conduct a comprehensive review of the functions currently performed by consultants in order to identify functions needed on an ongoing basis, and (b) mobilize sufficient funds to support posts deemed to be needed on a continuous basis.**

277. UNICEF has identified consultants performing continuous functions. It has rectified several staffing issues and is in the process of rectifying the remaining ones.

Department responsible: Programme Division

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

B. Implementation of the recommendations of the Board of Auditors for prior financial periods

278. In annex I to its report for the biennium ended 31 December 2011 (A/67/5/Add.2, chap. II), the Board provided a summary of the status of implementation of outstanding recommendations from previous financial periods. The overall situation as of July 2012 regarding the 17 outstanding recommendations assessed as "partially implemented" and/or "not implemented" by the Board is summarized in table 12. The information on prior recommendations is set out in the order in which they are presented in annex I.

Table 12
Status of implementation of recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the biennium ended 31 December 2011

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Country offices	1	–	–	1	–	1
Division of Financial and Administrative Management	4	1	–	3	2	1
Division of Financial and Administrative Management and Division of Human Resources	1			1	1	–
Division of Human Resources	1	–	–	1	1	–
Division of Human Resources and country offices	1	–	–	1	1	–
Division of Policy and Strategy	2	–	–	2	2	–
Office of Internal Audit	1	–	–	1	–	1
Private Fundraising and Partnership Division	2	–	–	2	2	–
Public-sector Alliances and Resource Mobilization Office	1	–	–	1	1	–
Regional and country offices	1	1	–	–	–	
Supply Division	2	–	–	2	2	–
Total	**17**	**2**	**–**	**15**	**12**	**3**
Percentage	**100**	**12**		**88**		

Report of the Board for the financial period ended 2009[10]

279. **In paragraph 40, the Board recommended that UNICEF review its costing methodology on the provision of procurement services so that indirect costs can be appropriately allocated and charged to the handling fee income.**

280. UNICEF has planned for a review of its costing methodology to be conducted in 2012.

Department responsible: Supply Division

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

281. **In paragraph 62, the Board recommended that UNICEF revise its accounting policy and disclose its end-of-service liabilities on the face of the financial statements in conjunction with the adoption of IPSAS.**

282. UNICEF is in the process of drafting a financial statements policy which will require that the end-of-service liabilities be disclosed in the face of the financial statements in accordance with IPSAS.

[10] A/65/5/Add.2, chap. II.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	First quarter of 2013

283. **In paragraph 75, the Board recommended that UNICEF set aside adequate reserves to fund the end-of-service liabilities.**

284. In 2012, a funding scheme was approved that actively funds the reserve through payroll, as opposed to annual lump sum transfers from regular resources. UNICEF continues to take a prudent approach to build up the reserve over time, taking into consideration the allocation resources to programme activities. As new information becomes available, UNICEF monitors the unfunded portion of the reserve to maintain a balance in the long term between building the reserve and maximizing resources to programme activities.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Ongoing

285. **In paragraph 84, the Board recommended that UNICEF consider a revision of its policy for the valuation of leave liability in preparation for the implementation of IPSAS.**

286. UNICEF disagreed with this recommendation, as the valuation used as at 31 December 2009 was in compliance with the United Nations system accounting standards and is considered by the United Nations system to be IPSAS-compliant. This is a system-wide issue that is currently under discussion between the Board and United Nations agencies.

Department responsible:	Division of Financial and Administrative Management
Status:	Not accepted
Priority:	Medium
Target date:	Not applicable

287. **In paragraph 142, the Board recommended that UNICEF ensure that all country offices strictly comply with the provisions of the UNICEF Programme Policy and Procedure Manual in relation to the preparation and implementation of annual management plans.**

288. Reference should be made to the management comments relating to the recommendation in paragraph 58 of the Board's report for the biennium ended 31 December 2011.

Department responsible: Division of Policy and Strategy

Status: In progress

Priority: High

Target date: Fourth quarter of 2012

289. **In paragraph 145, UNICEF agreed with the Board's recommendation that it ensure that all country offices (a) prepare realistic integrated monitoring and evaluation plans, and (b) make every effort to improve the completion rate of the integrated monitoring and evaluation plans.**

290. Reference should be made to the management comments relating to the recommendation in paragraph 76 of the Board's report for the biennium ended 31 December 2011.

Department responsible: Division of Policy and Strategy

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2013

291. **In paragraph 158, UNICEF agreed with the Board's recommendation that it strictly comply with the provisions in the Supply Manual in relation to competitive bidding and maintain written justifications in related files for exceptions.**

292. Reference should be made to the management comments relating to the recommendation in paragraph 131 of the Board's report for the biennium ended 31 December 2011.

Department responsible: Supply Division

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

293. **In paragraph 163, the Board reiterated its previous recommendation that UNICEF ensure that all offices include in purchase orders a penalty clause for late delivery in accordance with the provisions set out in the UNICEF Supply Manual.**

294. UNICEF notes that the cases mentioned are in compliance with its Supply Manual because liquidated damages are optional. Reference is made to chapter 8 of the Supply Manual, which lists optional contract remedies.

Department responsible: Regional and country offices

Status: Not accepted

Priority: High

Target date: Not applicable

295. **In paragraph 172, UNICEF agreed with the Board's recommendations that it ensure that all offices update the supplier database in a timely manner**

and maintain proper records of listed suppliers in accordance with the requirements of the Supply Manual.

296. UNICEF is implementing measures to ensure that the supplier database is updated in a timely manner and proper records of listed suppliers are maintained in the audited offices.

Department responsible:	Country offices
Status:	In progress
Priority:	Medium
Target date:	Ongoing

297. **In paragraph 177, the Board recommended that UNICEF take appropriate measures to improve its management of non-expendable property, including ensuring the completeness and accuracy of the non-expendable property records.**

298. Reference should be made to the management comments regarding the recommendation in paragraph 140 of the Board's report for the biennium ended 31 December 2011.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

299. **In paragraph 195, UNICEF agreed with the Board's recommendations that it (a) review the need for posts that had been vacant for long periods, and (b) take appropriate measures to fill the remaining vacancies.**

300. Reference should be made to the management comments regarding the recommendation in paragraph 9 of the Board's report for the biennium ended 31 December 2011.

Department responsible:	Division of Financial and Administrative Management and Division of Human Resources
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2013

301. **In paragraph 211, UNICEF agreed with the Board's recommendation that it strictly comply with the requirements of the UNICEF Human Resources Manual relating to the selection of consultants and individual contractors.**

302. Reference should be made to the management comments regarding the recommendation in paragraph 144 of the Board's report for the biennium ended 31 December 2011.

Department responsible:	Division of Human Resources
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

303. **In paragraph 216, UNICEF agreed with the Board's recommendation that it ensure that all country offices strictly comply with the requirements of the UNICEF Human Resources Manual in relation to performance evaluation of consultants and individual contractors.**

304. UNICEF initiated a communications and training plan that ensures that country offices are fully aware of its human resources policies and are able to apply them consistently.

Department responsible:	Division of Human Resources and country offices
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2013

305. **In paragraph 233, UNICEF agreed with the Board's recommendation that it accelerate the implementation of the internal audit recommendations stemming from headquarters and regional office audits.**

306. In order to facilitate accelerated implementation, the Office of Internal Audit undertakes quarterly desk reviews to follow up on the progress of the implementation of all audit recommendations. In addition, the Office assists management in providing an up-to-date status of outstanding recommendations and provides advice on management's action plan so as to enable the rapid closing of recommendations.

Department responsible:	Office of Internal Audit
Status:	In progress
Priority:	High
Target date:	Ongoing

307. **In paragraph 245, the Board reiterated its previous recommendation that the Private Fundraising and Partnerships Division adhere strictly to the provision of UNICEF Financial Regulations and Rules in relation to the retention of income by National Committees.**

308. The new cooperation agreement was signed by all parties by the end of 2011. The clauses relating to the 75 per cent contribution rate in the agreement and the new approved UNICEF Financial Regulations and Rules are aligned and foresee the possibility of varying the contribution rate in exceptional circumstances.

309. Reference should be made to the management comments regarding the recommendation in paragraph 112 of the Board's report for the biennium ended 31 December 2011 for further explanation.

Department responsible:	Private Fundraising and Partnerships Division
Status:	In progress
Priority:	High
Target date:	First quarter of 2014

310. **In paragraph 247, UNICEF agreed with the Board's recommendation that it ensure that the Private Fundraising and Partnerships Division accelerate the negotiations with National Committees and sign the joint strategic plan as early as possible.**

311. Twenty-five joint strategic plans have been signed, five are under development, three remain on hold owing to internal restructuring or management changes and three are not applicable (one is a Government agency and the other two are pending decisions as to the future of National Committees).

Department responsible:	Private Fundraising and Partnerships Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

312. **In paragraph 252, UNICEF agreed with the Board's reiterated recommendation that it determine the cause of the delays in donor reporting by field offices and institute measures to ensure that reports are submitted in accordance with donor agreements.**

313. As part of the Vision project, the SAP grants reporting schedule has been redesigned to improve the collection of information on the timely submission of donor reports. The system redesign and reports will make it possible to improve monitoring and identify the issues related to a timely submission of reports.

Department responsible:	Public-sector Alliances and Resources Mobilization Office
Status:	In progress
Priority:	High
Target date:	Second quarter of 2012

VI. United Nations Relief and Works Agency for Palestine Refugees in the Near East

A. Implementation of the recommendations contained in the report of the Board of Auditors for the biennium ended 31 December 2011[11]

314. The status of implementation of the main recommendations as of July 2012 is summarized in table 13.

[11] A/67/5/Add.3, chap. II.

Table 13
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Department of Administrative Services	8	–	4	4	4	–
Department of External Relations and Communications	3	–	1	2	2	–
Department of Finance	5	–	2	3	3	–
Department of Human Resources	1	1	–	–	–	–
Department of Internal Oversight Services	3	–	–	3	3	–
Programme Coordination and Support Unit	1	–	–	1	1	–
Total	**21**	**1**	**7**	**13**	**13**	**–**
Percentage	**100**	**5**	**33**	**62**		

315. The status of implementation of all recommendations as of July 2012 is summarized in table 14.

Table 14
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Department of Administrative Services	12	–	4	8	8	–
Department of External Relations and Communications	5	–	2	3	3	–
Department of Finance	5	–	2	3	3	–
Department of Human Resources	6	2	–	4	4	–
Department of Internal Oversight Services	4	–	1	3	3	–
Executive Office	2	–	–	2	2	–
Programme Coordination and Support Unit	2	–	1	1	1	–
Total	**36**	**2**	**10**	**24**	**24**	**–**
Percentage	**100**	**6**	**28**	**66**		

316. **In paragraph 26, the Board recommended that the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) review the adequacy of its long-term resource mobilization strategy to address the cash flows.**

317. UNRWA developed its resource mobilization strategy in 2011 and foresees a modest increase in funding from traditional donors and more predictable income. The strategy was implemented in January 2012 and will be reviewed in March 2014. It aims to expand the UNRWA donor base through increased support from emerging market donors and to access charitable funding from the private sector, while continuing to rely on its traditional donors. UNRWA has been addressing financial shortfalls through a combination of additional resources made available by key donors, and internal budgetary measures.

Department responsible:	Department of External Relations and Communications
Status:	In progress
Priority:	High
Target date:	First quarter of 2014

318. **In paragraph 36, the Board recommended that UNRWA implement adequate strategies to address the residual matters identified in relation to its IPSAS implementation plan.**

319. The UNRWA plan to implement IPSAS by January 2012 was on track and had gone live from 1 January 2012. UNRWA has already implemented fixed assets, accounts receivable, employee liabilities as per actuarial method, accrual, monthly closure and opening balances adjustments.

Department responsible:	Department of Finance
Status:	In progress
Priority:	High
Target date	Third quarter of 2012

320. **In paragraph 40, the Board recommended that UNRWA develop and implement strategies to enable the organization to fully benefit from IPSAS implementation and assign responsibility for tracking of progress.**

321. The approval of IPSAS implementation by management includes the expected benefits. UNRWA is planning to develop a new benefits realization strategy on IPSAS implementation.

Department responsible:	Department of Finance
Status:	In progress
Priority:	High
Target date:	Third quarter of 2012

322. **In paragraph 44, the Board reiterated its previous recommendation that UNRWA strengthen its controls regarding the preparation and review of its financial statements.**

323. Financial statements are auto-generated from the system and are currently prepared by the Head of General Accounts, reviewed further by the Chief and Deputy Chief of Accounts, and finally approved by the Director of Finance. The reports are currently modified to include the new IPSAS policies.

Department responsible:	Department of Finance
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

324. **In paragraph 47, the Board recommended that UNRWA (a) develop and implement an age analysis for outstanding contributions, and (b) consider the feasibility of including contributions receivable in its accounts receivable module in the general ledger.**

325. The donors' agreements usually do not include specific payment dates. Rather, payment is usually associated with specific events. Hence, assigning payment dates to the donors' contributions is not possible and, accordingly, the attribution of normal ageing is not feasible. However, the Agency closely tracks the contributions by years and reports this information to management in its monthly financial reports.

Department responsible:	Department of Finance
Status:	Implemented
Priority:	High
Target date:	Not applicable

326. **In paragraph 51, the Board recommended that UNRWA (a) assess the recoverability of long-outstanding value added tax receivable balances, (b) develop a policy for provision for doubtful debts, and (c) raise a provision for doubtful debts, where applicable, to accurately reflect its outstanding receivables.**

327. UNRWA believes the amount is recoverable. The opening balance adjustments under IPSAS include the provision of $23 million.

Department responsible:	Executive Office
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

328. **In paragraph 55, the Board recommended that UNRWA develop a funding strategy to enable it to honour all its end-of-service liabilities.**

329. The funding for each upcoming biennium is planned during the budget preparation process and for future funding the Agency will continue seeking donors in accordance with the resource mobilization strategy referred to above.

Department responsible:	Department of External Relations and Communications
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

330. **In paragraph 58, the Board recommended that UNRWA (a) set organization-wide baselines and targets to benchmark its performance, and (b) develop and implement procedures to review the accuracy and completeness of information captured in its performance management system.**

331. UNRWA believes the paragraphs in the Board's report that lead to the recommendation are based on factual errors. Already for the biennium 2010-2011, baselines and targets were developed that allow the Agency to benchmark performance and that can be aggregated between fields.

332. Since 2010, the Agency has conducted budget hearings where information on the delivery of targets is systematically reviewed. In 2011, this action was strengthened through a results review process that includes a two-step process of verification of the data. In the first step, data consistency and accuracy are checked by the Programme Coordination and Support Unit; in the second step, they are checked by the technical departments in headquarters. Only after verification are they presented in the results review for further scrutiny by senior management.

Department responsible:	Programme Coordination and Support Unit
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

333. **In paragraph 61, UNRWA agreed with the Board's recommendation that it prepare monthly reconciliations for all bank accounts and ensure that they are reviewed by senior officers throughout the financial period.**

334. UNRWA informed the Board that the bank reconciliations for all bank accounts are prepared by the accounts divisions/sections at its headquarters and field offices on a monthly basis, and reviewed by the head of general accounts and by treasury. The Board noted only three isolated instances where the bank reconciliations were not prepared for three non-active bank accounts. UNRWA explained to the Board that the three bank accounts were not operative and were subsequently either closed or the proper reconciliation was prepared.

Department responsible:	Department of Finance
Status:	Implemented
Priority:	High
Target date:	Not applicable

335. **In paragraph 66, the Board recommended that UNRWA (a) avoid implementing projects before the funds have been received from the donors, and negotiate with its donors to receive funds in advance for project implementation in order to reduce the risk involved in implementing projects before advances are received, and (b) put controls in place to ensure quicker clearing of completed projects' fund balances to avoid delays in project closure.**

336. In 2012, the Agency's relevant departments initiated weekly meetings to facilitate the timely closure of projects and associated fund balances. All pending projects will be closed by 31 December 2012, subject to the timely approval of the

respective donors. UNRWA will continue these regular meetings in order to ensure that projects are closed three months after the completion of activities.

337. The initiation of a project compliance group is also envisaged. This group would follow up on the work initiated in the project review group and ensure adequate follow-up within the Agency during the implementation phase.

Department responsible:	Department of External Relations and Communications
Status:	Implemented
Priority:	High
Target date:	Not applicable

338. **In paragraph 73, the Board recommended that UNRWA implement streamlined project monitoring tools to enable its project managers to monitor the implementation of projects at headquarters and in the field.**

339. As part of its resource mobilization strategy, the Agency initiated the aggregate project reporting process, which allows project officers and other internal stakeholders to use the results-based-management system to address project reporting, budget tracking and project progress. The process is expected to be in place in all field offices and programmes by January 2013, and will be strengthened with the introduction of a project compliance group. This group will ensure adequate monitoring and follow-up within the Agency of project implementation.

Department responsible:	Department of External Relations and Communications
Status:	In progress
Priority:	High
Target date:	First quarter of 2013

340. **In paragraph 77, UNRWA agreed with the Board's recommendation that it (a) close all operationally closed projects in the finance system in a timely manner, and (b) maintain updated financial reports on a monthly basis to avoid delays in project closure.**

341. The weekly meetings initiated in 2012 by the departments relevant to implementation of this recommendation will ensure the timely closure of projects within the Agency's finance system. Monthly financial reports are already made available by the Department of Finance.

Department responsible:	Department of External Relations and Communications
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

342. **In paragraph 82, UNRWA agreed with the Board's recommendation that it (a) allow for adequate tender submission time frames in accordance with the**

Procurement Manual, (b) provide clarity on what constitutes "due cause", and (c) instruct field offices to institute adequate procurement planning.

343. UNRWA indicated that experience had shown that suppliers' interests normally exceed minimum requirements even if tenders were open for a shorter period of time and that its requesting departments agreed with the Procurement and Logistics Department to use "due cause" to expedite the process for the sake of delivering faster services to the beneficiaries.

Department responsible:	Department of Administrative Services
Status:	In progress
Priority:	High
Target date:	Third quarter of 2012

344. **In paragraph 90, UNRWA agreed with the Board's recommendation that it implement adequate reviews of waivers to ensure that proper procurement guidelines and processes are adhered to by all divisions and that waivers are granted only for genuine cases of exigency.**

345. UNRWA stated that while the value of 18 per cent of biennial procurement volume was high, the number of waivers was approximately 2.5 per cent, which it considered to be low for an agency that issued 20,000 contracts and purchase orders each year. Furthermore, it considered that the use of waivers was an entirely appropriate tool and, as such, waivers were simply tools to document a variety of reasons why normal procedures were not appropriate. UNRWA has reviewed the waiver system, during which review processes were examined closely and the template for waivers was revised and issued as part of the new version of the Procurement Manual.

Department responsible:	Department of Administrative Services
Status:	Implemented
Priority:	High
Target date:	Not applicable

346. **In paragraph 92, the Board recommended that UNRWA (a) conduct a review to establish the reasons for the high rate of waivers, (b) implement processes to monitor the use of waivers, and (c) adequately document and justify the use of waivers.**

347. In agreeing with the recommendation, UNRWA notes its preference for the phrase "ensure explanations as to why a waiver is required are clear and concise" rather than "justify the use of waivers". The new "waiver" template is developed and uploaded on the intranet.

Department responsible:	Department of Administrative Services
Status:	Implemented
Priority:	High
Target date:	Not applicable

348. **In paragraph 95, UNRWA agreed with the Board's recommendation that it enforce compliance with procurement procedures.**

349. UNRWA agreed with the Board's recommendation while reiterating that it did not share the views expressed in the observations in paragraphs 93[12] and 94[13] of the Board's report. UNRWA strives to avoid post facto cases, a fact reflected in the negligible number of such cases, taking into account the scope of the Agency's operations, many of which are in difficult environments and face chronically difficult cash flow situations.

Department responsible:	Department of Administrative Services
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2013

350. **In paragraph 117, the Board recommended that UNRWA prepare and issue comprehensive inventory count procedures to guide and direct the inventory count at field offices.**

351. All audit observations were taken into account during the June 2012 stocktaking.

Department responsible:	Department of Administrative Services
Status:	Implemented
Priority:	High
Target date:	Not applicable

352. **In paragraph 118, UNRWA agreed with the Board's recommendation that it enhance its Supply Manual to address the inconsistent procedures applied by its field offices in issuing inventories and that it address the gaps identified in the process of issuing inventories.**

353. The instructions for issuing inventories exist in the Manual of Supply Procedures. However, a revised manual will be issued after completion of the new enterprise resource planning system.

Department responsible:	Department of Administrative Services
Status:	In progress
Priority:	High
Target date:	First quarter of 2014

354. **In paragraph 122, the Board reiterated its previous recommendation that UNRWA fully implement its human resources strategy and plan.**

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[12] The Board noted that UNRWA had 24 post facto cases with a total amount of $2.47 million. The Board reviewed some of the cases and noted that most of them related to a lack of time to follow proper procurement procedures because of the closing deadline.

[13] The approval of such cases might give the impression that management is condoning the habit of by-passing procurement procedures. Non-compliance with procurement procedures undermines the integrity and transparency of the procurement process, resulting in unfair awarding of contracts or orders.

355. Human resources indicators have been defined in line with strategic priorities, as described in the headquarters implementation plans/field implementation plans for 2012-2013. They were included in the results-based-management system and will be reported on regularly.

Department responsible:	Department of Human Resources
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

356. **In paragraph 123, UNRWA agreed with the Board's recommendation that it implement a process for managing and monitoring vacancies to ensure that critical posts are filled in a timely fashion so that the Agency can deliver services to the refugees.**

357. Area workforce management (headcount, budget, vacancies) is integrated in the Agency's planning process and is ongoing. For international posts, annual recruitment plans must be submitted to the talent forum early in the second quarter of 2013.

Department responsible:	Department of Human Resources
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2013

358. **In paragraph 130, UNRWA agreed with the Board's recommendation that it expedite the implementation of its performance management policy to ensure that roles and responsibilities are clarified, consequences for non-compliance are specified and appropriate measures are taken against supervisors who fail to comply.**

359. While it is correct that a small number of staff at the UNRWA headquarters in Gaza did not have their personnel evaluation reports completed in a timely manner, it is not correct that these staff members did not get salary increases as a result. All staff received the salary increases due to them. However, the annual increments of several staff have been suspended owing to non-compliance with the evaluation processes; the increments will be restored retroactively as soon as the personnel evaluation reports are completed. This is expected to occur in the near future.

Department responsible:	Department of Human Resources
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

360. **In paragraph 133, UNRWA agreed with the Board's recommendation that it implement a process for managing vacancies to ensure that adequate time was given for the recruitment of skilled and experienced staff and that the recruitment process remained fair and competitive.**

361. The Agency's staffing directive specifies that vacancies should normally be advertised for 30 days. However, there are circumstances in which posts are advertised for a shorter period for specific operational reasons. Moreover, many examples quoted by the Board are, in fact, re-advertisements. UNRWA does not agree with the recommendation based on the comments provided above.

Department responsible:	Department of Human Resources
Status:	Not accepted
Priority:	Medium
Target date:	Not applicable

362. **In paragraph 134, the Board considered that the findings of the Department of Internal Oversight Services represent significant matters and recommends that management address the weaknesses.**

363. Management will address the weaknesses in accordance with stipulated deadlines.

Department responsible:	Department of Human Resources
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

364. **In paragraph 140, UNRWA agreed with the Board's recommendation that it expedite the process of implementing the monitoring tool for risk management.**

365. Risk registers formed part of the biennium 2012-2013 plans (completed in the fourth quarter of 2011) and are being updated/monitored on an annual basis, beginning with the annual results review for 2011 (tentatively scheduled for September 2012).

366. The UNRWA risk management and monitoring methodology has been updated and will be integrated into the results-based-management system and the biennium 2014-2015 planning.

Department responsible:	Programme Coordination and Support Unit
Status:	In progress
Priority:	High
Target date:	Third quarter of 2012

367. **In paragraph 143, UNRWA agreed with the Board's recommendation that it address the weaknesses identified with regard to its security settings and segregation of duties in the information technology functions.**

368. This recommendation is now fully implemented.

Department responsible:	Department of Administrative Services
Status:	Implemented
Priority:	High
Target date:	Not applicable

369. **In paragraph 146, UNRWA agreed with the Board's recommendation that it (a) develop, approve and implement a detailed user account management policy and procedure for application in the management of user access, and (b) regularly review the appropriateness of access rights granted to users.**

370. The user account management policy is being developed and will incorporate the Board's recommendations. UNRWA aims to publish the policy by October 2012.

Department responsible:	Department of Administrative Services
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

371. **In paragraph 151, UNRWA agreed with the Board's recommendation that it (a) assign an additional staff member in the interim to monitor and review all changes made to the system, (b) regularly monitor the activities of the database administrators, and (c) implement an automated logging tool to log all changes made to the system.**

372. UNRWA informed the Board that it was in the process of recruiting a database administrator who will be tasked with reviewing all database and programme changes.

Department responsible:	Department of Administrative Services
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

373. **In paragraph 153, UNRWA agreed with the Board's recommendation that it develop a comprehensive physical access and environmental control policy and procedure to be applied to its server rooms.**

374. UNRWA informed the Board that it was in the process of developing physical access and environmental policy, which would be issued by October 2012.

Department responsible:	Department of Administrative Services
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

375. **In paragraph 158, UNRWA agreed with the Board's recommendation that it (a) clearly define the responsibility for plan testing and process backlog initiation in its disaster recovery plan, (b) finalize and approve the plan, and (c) develop and approve a business continuity plan.**

376. UNRWA is in the process of finalizing a disaster recovery policy and aims to incorporate the Board's recommendations. Publication of the policy is planned by October 2012.

Department responsible:	Department of Administrative Services
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

377. **In paragraph 162, UNRWA agreed with the Board's recommendation that it (a) implement safeguards to ensure that off-site and on-site backup tapes, as well as tapes in transit, are adequately protected from unauthorized physical access and environmental hazards, and (b) formally document all off-site backup arrangements.**

378. UNRWA is in the process of reviewing the backup policy with the aim of incorporating the Board's recommendations in the new policy version to be published by October 2012.

Department responsible:	Department of Administrative Services
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

379. **In paragraph 167, UNRWA agreed with the Board's recommendation that it align the organizational directives relating to the Advisory Committee on Internal Oversight with best practice.**

380. Implementation of this recommendation is in progress.

Department responsible:	Department of Internal Oversight Services
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

381. **In paragraph 171, the Board recommended that UNRWA develop plans to expedite the process of recruiting the Director of Internal Oversight Services.**

382. The appointment and subsequent extension of the post of the present Director of Internal Oversight Services, which was fully supported by the external members of the Advisory Committee on Internal Oversight, was made to bring stability to the department in light of continued high staff turnover and difficulties in recruiting competent audit staff.

Department responsible:	Department of Human Resources
Status:	Not accepted
Priority:	High
Target date:	Not applicable

383. **In paragraph 178, the Board recommended that UNRWA prioritize the implementation of internal audit recommendations, with emphasis on high risk areas identified by internal audit.**

384. The Executive Office is actively following up with departments on the implementation of internal audit recommendations.

Department responsible: Executive Office

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

385. **In paragraph 181, the Board reiterated its prior recommendation that the Department of Internal Oversight Services implement the recommendations made by the Institute of Internal Auditors.**

386. The gap analysis of the Department of Internal Oversight Services was carried out in early 2011 as part of developing the strategic plan that was presented to and endorsed by the Advisory Committee on Internal Oversight at its meeting in March 2011. The nine recommendations to the Department in the report on the independent quality assurance review of 2007 were fully taken into account in the gap analysis and the strategic plan. In the view of the Department, action has been taken on all nine recommendations and they are considered implemented.

Department responsible: Department of Internal Oversight Services

Status: Implemented

Priority: Medium

Target date: Not applicable

387. **In paragraph 185, the Board recommended that UNRWA review the adequacy of the staff resources and capacity of evaluation and investigation units, and provide the necessary resources.**

388. Budget constraints continue to plague the development of capacity in the Agency. UNRWA has made a number of staffing improvements in evaluation and investigations divisions, and acknowledges the importance of these areas.

Department responsible: Department of Internal Oversight Services

Status: In progress

Priority: High

Target date: Fourth quarter of 2012

389. **In paragraph 188, the Board recommended that UNRWA consider the implications of the information generated regarding all cases of misconduct in terms of (a) the capacity of the investigation department, and (b) the appropriate disposition of cases and the improvement of controls, systems and other fraud prevention measures.**

390. The population of the case-management database will enhance the ability of UNRWA to target investigations. Developing optimal response will depend on the availability of investigation resources.

Department responsible: Department of Internal Oversight Services

Status: In progress

Priority: High

Target date: Fourth quarter of 2012

B. Implementation of the recommendations contained in the reports of the Board of Auditors for prior financial periods

391. In annex I to its report for the biennium ended 31 December 2011 (A/67/5/Add.3, chap. II), the Board provided a summary of the status of implementation of outstanding recommendations from previous financial periods. The overall situation as of July 2012 regarding the nine outstanding recommendations assessed as "partially implemented" and/or "not implemented" by the Board is summarized in table 15. The information on the prior recommendations is set out in the order in which they are presented in annex I.

Table 15
Status of implementation of recommendations from prior periods considered not fully implemented in annex I to the report of the Board of Auditors for the biennium ended 31 December 2011

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Department of Administrative Services	7	–	2	5	5	–
Department of Human Resources	1	–	–	1	1	–
Department of Internal Oversight Services	1	–	–	1	1	–
Total	**9**	–	**2**	**7**	**7**	–
Percentage	**100**		**22**	**78**		

Report of the Board for the financial period ended 2009[14]

392. **In paragraph 174, UNRWA agreed with the Board's recommendation that it ensure that vacant positions are filled in a timely manner.**

393. Area workforce management (headcount, budget, vacancies) is integrated in the Agency's planning process and is ongoing. For international posts, annual recruitment plans must be submitted to the talent forum early in the second quarter of 2013.

Department responsible: Department of Human Resources

Status: In progress

Priority: Medium

Target date: Second quarter of 2013

[14] A/65/5/Add.3, chap. II.

394. **In paragraph 206, UNRWA agreed with the Board's recommendation to monitor compliance with its security plan on a regular basis.**

395. This recommendation is already implemented.

Department responsible:	Department of Administrative Services
Status:	Implemented
Priority:	High
Target date:	Not applicable

396. **In paragraph 214, UNRWA agreed with the Board's reiterated recommendation to (a) develop a comprehensive disaster recovery and business continuity plan and communicate the plan to all personnel, and (b) test, review and update its disaster recovery plan on a regular basis.**

397. UNRWA is in the process of finalizing a disaster recovery policy and aims to incorporate the Board's recommendations.

Department responsible:	Department of Administrative Services
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

398. **In paragraph 221, UNRWA agreed with the Board's recommendation to (a) implement procedures to monitor the validity of user accounts on a regular basis, (b) implement procedures to log and review irregular system activity, (c) implement procedures to monitor the activities of persons with powerful privileges (administrator privileges) by an independent person on a regular basis, and (d) ensure that access request forms are completed and signed by the respective supervisor and information systems department official before a user is granted access to the system, and maintain a record of those forms.**

399. The user account management policy is under development and should incorporate the Board's recommendation.

Department responsible:	Department of Administrative Services
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

400. **In paragraph 225, UNRWA agreed with the Board's recommendation to improve the environmental and physical access controls by addressing the weaknesses identified.**

401. UNRWA informed the Board that it was in the process of developing a physical access and environmental policy.

Department responsible:	Department of Administrative Services
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

402. **In paragraph 231, UNRWA agreed with the Board's recommendation to (a) establish an off-site storage facility for backups in accordance with UNRWA backup policy and procedures, and (b) establish a formal arrangement with regard to the offsite backup facility, as prescribed by the backup policy.**

403. UNRWA is in the process of revising its backup policy with the aim of addressing the Board's recommendation.

Department responsible:	Department of Administrative Services
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

404. **In paragraph 236, UNRWA agreed with the Board's recommendation to review the system's parameters and address the weaknesses identified by the security check report on the Windows domain controller.**

405. This recommendation is already implemented.

Department responsible:	Department of Administrative Services
Status:	Implemented
Priority:	High
Target date:	Not applicable

406. **In paragraph 240, UNRWA agreed with the Board's recommendation to ensure that the critical functions for system administration, programming and maintenance are not performed by the same person or alternatively, implement an independent monitoring function as a compensating control.**

407. UNRWA informed the Board that it was in the process of recruiting a database administrator who would be tasked with reviewing all database and programme changes.

Department responsible:	Department of Administrative Services
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

408. **In paragraph 295, UNRWA agreed with the Board's recommendation to implement controls that address the weaknesses in controls regarding the management and reporting of cases of fraud and presumptive fraud.**

409. The case management system, a confidential database of misconduct cases (including fraud and presumptive fraud), was rolled out to the five field offices and headquarters (Amman and Jerusalem) during the period from July to September 2011. Nine focal points (case owners) were designated to register cases in the database and to manage their respective case loads. The case owners are supported by the investigations case managers of the Department of Internal Oversight Services, who can view all cases within the database. The case owners participated in a the Department of Internal Oversight Services investigations/ethics seminar and additional training, held in Amman in December 2011, and they are strongly encouraged to populate the database with misconduct cases.

Department responsible: Department of Internal Oversight Services

Status: In progress

Priority: High

Target date: Fourth quarter of 2012

VII. United Nations Institute for Training and Research

A. Implementation of the recommendations contained in the report of the Board of Auditors for the biennium ended 31 December 2011[15]

410. The status of implementation of all/main recommendations as of July 2012 is summarized in table 16.

Table 16
Status of implementation of all/main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Department of Management/United Nations Secretariat	1	–	–	1	1	–
Department of Support Services	2	–	–	2	2	–
Total	**3**	**–**	**–**	**3**	**3**	**–**
Percentage	**100**	**–**	**–**	**100**		

411. **In paragraph 22, the Board recommended that the United Nations Institute for Training and Research (UNITAR), in collaboration with United Nations Headquarters and the United Nations Office at Geneva, disclose the information about the programme support income, including the definition, the scope and the calculation methodology in the notes to the financial statements to enable users to better understand the financial statements.**

412. The Department of Management has indicated that it would disclose the programme support income rate in the financial report of the relevant biennium. Moreover, there would be more elaborate disclosures in the notes to future financial statements.

Department responsible: Department of Management/United Nations Secretariat

Status: In progress

Priority: High

Target date: First quarter of 2013

[15] A/67/5/Add.4, chap. II.

413. **In paragraph 28, the Board recommended that UNITAR, in collaboration with United Nations Headquarters and the United Nations Office at Geneva, clearly articulate the definition, scope and percentage of programme support cost and administrative cost in order to increase the transparency and comprehensibility of the financial statements.**

414. UNITAR will collaborate with the United Nations Office at Geneva and United Nations Headquarters in implementing this recommendation. However, the Administration is of the view that as a training and research institute, all its costs are directly related to the delivery of its activities.

Department responsible:	Department of Support Services
Status:	In progress
Priority:	High
Target date:	First quarter of 2013

415. **In paragraph 32, the Board recommended that UNITAR intensify its efforts to ensure the timely implementation of IPSAS, including by developing its own IPSAS implementation and change management plans, as well as by establishing an IPSAS implementation team.**

416. Owing to its relatively small size, the initial IPSAS implementation activities relating to UNITAR are being led by the United Nations Office at Geneva, with support from UNITAR. As the implementation work intensifies and the projects move into the implementation phase, UNITAR intends to take greater ownership of its IPSAS implementation process, including the establishment of a UNITAR IPSAS team. An implementation plan for UNITAR is being developed accordingly.

Department responsible:	Department of Support Services
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

B. Implementation of the recommendations contained in the reports of the Board of Auditors for prior financial periods

417. In the annex to its report for the biennium ended 31 December 2011 (A/67/5/Add.4, chap. II), the Board provided a summary of the status of implementation of outstanding recommendations from previous financial periods. The overall situation as of July 2012 regarding the two outstanding recommendations assessed as "partially implemented" and "not implemented" by the Board is summarized in table 17. The information on prior recommendations is set out in the order in which they are presented in the annex.

Table 17
Status of implementation of recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the biennium ended 31 December 2011

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Department of Support Services	2	–	1	1	1	–
Total	**2**	**–**	**1**	**1**	**1**	**–**
Percentage	**100**		**50**	**50**		

Report of the Board for the financial period ended 2009[16]

418. **In paragraph 52, the Board recommended that UNITAR, in coordination with the United Nations Office at Geneva, update the memorandum of service agreement on the basis of the reforms currently being undertaken.**

419. UNITAR has made considerable progress in renegotiating the memorandum of service agreement with the United Nations Office at Geneva. However, some key issues on the delegation of financial authority to UNITAR remain to be finalized.

Department responsible: Department of Support Services

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

420. **In paragraph 56, the Board recommended that UNITAR, in collaboration with the Office of Internal Oversight Services, ensure effective internal audit coverage at UNITAR.**

421. The Administration has informed the Office of Internal Oversight Services that it would cover the cost of audits of UNITAR performed by the Office.

Department responsible: Department of Support Services

Status: Implemented

Priority: High

Target date: Not applicable

[16] A/65/5/Add.4, chap. II.

VIII. Voluntary funds administered by the Office of the United Nations High Commissioner for Refugees

A. Implementation of the recommendations contained in the report of the Board of Auditors for the year ended 31 December 2011[17]

422. The status of implementation of the main recommendations as of July 2012 is summarized in table 18.

Table 18
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Division of Emergency, Security and Supply	5	–	–	5	5	–
Executive Office	1	–	–	1	1	–
Total	**6**	**–**	**–**	**6**	**6**	**–**
Percentage	**100**			**100**		

423. The status of implementation of all recommendations as of July 2012 is summarized in table 19.

Table 19
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Division of Emergency, Security and Supply	19	–	1	18	18	–
Division of Financial and Administrative Management	12	–	–	12	12	–
Executive Office	1	–	–	1	1	–
Inspector General's Office	1	–	–	1	1	–
Total	**33**	**–**	**1**	**32**	**32**	**–**
Percentage	**100**		**3**	**97**		

424. **In paragraph 13, the Office of the United Nations High Commissioner for Refugees (UNHCR) agreed with the Board's recommendation that it examine ways to implement risk management promptly, initially through light-touch risk identification and mitigation arrangements that do not engage all staff and**

[17] A/67/5/Add.5, chap. II.

country offices but focus only on high impact and/or high probability risks identified by selected focus groups.

425. A concept paper for the adoption of the enterprise risk management approach in UNHCR has been endorsed by senior management. UNHCR is planning ways to implement an enterprise risk management framework more quickly and, to this effect, is launching a pilot project to roll out the framework in 10 major operations/divisions.

Department responsible:	Executive Office
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

426. **In paragraph 16, the Board reiterated the need for UNHCR to enhance its monthly financial closure processes to include, for example, documented review and validation of asset and liability balances, review of income and expenditure against budgets, and sign-off by the relevant responsible officers at headquarters and in the field of the components of the trial balance for which they are responsible.**

427. UNHCR has worked to identify and prioritize the areas that should be subject to review, and has started to develop a comprehensive review and validation process for key financial statement parameters both at headquarters and in the field, for review and sign-off by nominated responsible officers.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

428. **In paragraph 26, the Board recommended that UNHCR (a) review its working capital requirements, including the adequacy of the $50 million ceiling currently applied to the Working Capital and Guarantee Fund, and (b) manage its programmes and cash flows with the aim of maintaining its average unencumbered cash holdings at a level equivalent to no more than two months of expenditure.**

429. UNHCR has already started reviewing the adequacy of the $50 million ceiling for the Working Capital And Guarantee Fund that was set in 1990. With regard to the level of cash holding, the Office's unencumbered cash holding does not exceed a level equivalent to two months of expenditure and it will continue to maintain this level.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2013

430. **In paragraph 30, UNHCR agreed with the Board's recommendation that it enhance its internal financial reporting by developing a thorough understanding of the key information needs required at each level of management, including variance analysis and a dashboard of key indicators for senior management, with sufficient narrative to focus attention on the areas that require attention.**

431. UNHCR will work towards improving its internal financial reporting, taking due account of the points raised by the Board.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2013

432. **In paragraph 34, UNHCR agreed with the Board's recommendation that it analyse the causes of the write-offs and allowances for doubtful accounts recorded in 2011 and introduce monthly reviews of working capital balances in order to safeguard its assets.**

433. UNHCR started to analyse the cause of the write-offs and allowances for doubtful accounts recorded in 2011, and will develop ageing reports of key current assets and liabilities for scrutiny as part of an enhanced review and sign-off process by responsible managers.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Third quarter of 2012

434. **In paragraph 39, UNHCR agreed with the Board's recommendation that it develop appropriate job descriptions and prioritize the recruitment of suitably qualified personnel for appointment to the approved additional finance and project control posts as soon as practicable.**

435. The job descriptions of the 50 approved additional financial and project control positions have been revised. The recruitment process for the first 24 positions is scheduled to be completed by the end of 2012.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

436. **In paragraph 46, the Board recommended that UNHCR (a) implement appropriate high-level financial controls for monitoring activities in the field and review its existing accountability structures to identify and ensure that an**

appropriate internal controls framework exists and is in operation, and (b) benchmark its accountability structure against similar devolved organizations, working towards a framework that meets operational needs while enhancing accountability and control.

437. UNHCR is planning to address gaps in internal controls, including updating the delegation of authority plan and revising the UNHCR Financial Manual. As to accountability, UNHCR will work towards a framework that takes into account the reality in the operational field and its practicality.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Third quarter of 2013

438. **In paragraph 48, the Board recommended that UNHCR (a) review and update its current anti-fraud policies and procedures to ensure that its fraud detection and monitoring systems are appropriate, and (b) develop comprehensive guidance which addresses anti-money-laundering.**

439. UNHCR will review and update its current anti-fraud procedures. With regard to anti-money-laundering, UNHCR is finalizing a concept paper and will consult with other United Nations system organizations to take into account their views and guidance in order to develop a project plan.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2013

440. **In paragraph 52, the Board reiterated its previous recommendation that UNHCR develop robust and documented quality control procedures to validate the integrity of the data supplied to its actuaries.**

441. UNHCR will enhance its control procedures to validate the integrity of the data provided to its actuaries.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

442. **In paragraph 59, UNHCR agreed with the Board's recommendation that it subject all bank accounts to regular and critical challenge, and close any unnecessary accounts.**

443. UNHCR already reviews periodically the number of bank accounts that are required by their nature. In addition, bank activity reports will be developed and examined to identify those bank accounts that can be closed.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

444. **In paragraph 63, the Board recommended that UNHCR, building upon the progress made in terms of performing daily bank reconciliations on high-value accounts, explore the costs and benefits of extending, where feasible, this practice across major bank accounts outside headquarters.**

445. UNHCR has continued to build upon good progress and established good practices in performing daily reconciliation for high-value accounts at its headquarters. Though daily reconciliation may not be feasible in the field without significant additional human and technical resources, UNHCR will explore the cost and benefits of extending this practice outside its headquarters.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

446. **In paragraph 66, the Board recommended that (a) the Division of Financial and Administrative Management of UNHCR develop and provide to all relevant staff members programmes of training on month-end and year-end cut-off in bank reconciliation processes and ensure compliance through test checks of bank reconciliations, and (b) UNHCR, in its monthly review of bank reconciliations, ensure that transactions are posted to the correct financial period and, during 2012, address the weaknesses identified.**

447. UNHCR will expand further existing online bank reconciliation training and enhance the guidance on month-end and year-end cut-off procedures. In addition, UNHCR will establish a monthly review procedure of bank reconciliations on a sample basis.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

448. **In paragraph 70, UNHCR agreed with the Board's recommendation that it review the attributed useful economic lives of assets, giving particular attention to the useful lives of vehicles in the light of the proposed fleet management policy currently under development.**

449. UNHCR, through its Supply Management Service, will review the useful economic lives of its assets, in particular light vehicles, taking into account the technical parameters and conditions in which they are operating.

Department responsible: Division of Emergency, Security and Supply

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

450. **In paragraph 73, UNHCR agreed with the Board's recommendation that it (a) monitor compliance by country offices with the terms of rights of use agreements, and (b) issue instructions to representatives reasserting their responsibility to maintain accurate and up-to-date records of UNHCR assets loaned to implementing partners.**

451. UNHCR will provide further guidance to field operations on their responsibilities related to assets loaned to partners. As in 2011, it will include assets loaned to partners in its physical verification exercise of property, plant and equipment.

Department responsible: Division of Emergency, Security and Supply

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

452. **In paragraph 77, UNHCR agreed with the Board's recommendation that the Supply Management Service use its work in 2011 to (a) identify any systematic shortcomings in existing systems and working practices, and (b) establish enhanced systems and controls for generating asset data.**

453. UNHCR is analysing the root causes of discrepancies identified during the physical verification of assets. In addition, any weaknesses in the UNHCR enterprise resource planning system or in working practices are captured through an exception report and corrected.

Department responsible: Division of Emergency, Security and Supply

Status: In progress

Priority: High

Target date: Fourth quarter of 2012

454. **In paragraph 84, the Board reiterated and reinforced its recommendation that UNHCR establish common tools and checklists which should be used when undertaking implementing partner verification and that staff undertaking financial monitoring visits receive appropriate training and be conversant with the rules and procedures governing implementing partners.**

455. UNHCR is pursuing a comprehensive approach to address the recommendation, which includes analysis of current practice and gaps, development of risk-based monitoring approach and supporting tools, consultation process with

the Field Reference Group, piloting the approach in field locations and developing subsequent guidance, training and instructions.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	High
Target date:	Third quarter of 2013

456. **In paragraph 97, UNHCR agreed with the Board's recommendation that it continue to work to cleanse its asset register, focusing initially on those assets with a residual value.**

457. UNHCR will continue to work to cleanse its asset register, focusing initially on those assets that have a residual value.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

458. **In paragraph 100, the Board reiterated its previous recommendation that UNHCR clearly identify the objectives and envisaged benefits of the IPSAS project and develop a methodology to formally track and manage benefits realization.**

459. A list of key performance indicators has been defined to monitor data and compliance procedures. Moreover, UNHCR has identified the benefits that IPSAS brings to management and is actively communicating the envisaged benefits to its staff and the various stakeholders. UNHCR is currently developing a formal IPSAS benefits realization methodology, as recommended by the Board.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

460. **In paragraph 106, UNHCR agreed with the Board's recommendation that the supply function structure and the accountability lines recommended by the Supply Management Service, already applied in some countries, be applied consistently throughout the UNHCR network.**

461. UNHCR will strengthen the lines of accountability for supply staff in the field by establishing a process of joint objective setting between field operations, local supply staff and the UNHCR Supply Management Service.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

462. **In paragraph 115, the Board recommended that UNHCR (a) assess the need for basic induction training in procurement or supply management across its cadre of supply officers, giving priority to officers in a management role, (b) establish the number and distribution of supply staff holding relevant and recognized professional procurement qualifications, and (c) consider the extent to which the number of supply staff should be increased by external recruitment or by requiring professional study and qualification linked to career progression to senior supply posts.**

463. UNHCR developed a comprehensive action plan to address this recommendation, which includes the development of a knowledge competency framework and a training strategy. It will also map the worldwide supply staff against recognized supply qualifications as a way to identify training gaps and additional requirements.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

464. **In paragraph 120, UNHCR agreed with the Board's recommendation that it prioritize (a) improved recording on its enterprise resource planning system (MSRP) by local supply teams or, if this is not achieved, reversion by the Supply Management Service to centralized shipment tracking in order to provide a viable delivery time measure, (b) comparability between the emergency and non-emergency delivery performance measures maintained by the Supply Management Service, (c) capturing aspects of professional competence within the staffing indicator maintained by the Supply Management Service, and (d) cascading the corporate key performance indicators developed by the Supply Management Service to form a basis for country-level reporting on supply performance.**

465. To comprehensively address the recommendation, UNHCR is currently reviewing key performance indicators for shipment tracking and determining measures for emergency as opposed to non-emergency delivery performance. It will enhance the key performance indicators on supply chain competence and will propose minimum key performance indicators and standard supply reports for field operations.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	High
Target date:	Second quarter of 2013

466. **In paragraph 124, UNHCR accepted the Board's recommendation that in the guidance issued by the Supply Management Service, it reiterate the need for country-level supply officers to assess the scope for grouping orders, identifying the most beneficial routes of supply and, where appropriate, the development of national framework agreements.**

467. UNHCR is planning to identify a core set of goods and services for which national framework agreements should be established. It will also develop guidance about group orders and the identification of the most beneficial routes for procurement.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2013

468. **In paragraph 130, the Board recommended that UNHCR investigate the potential to institute quantified analysis of warehouse requirements for all major non-food item and material deliveries that are in the pipeline in the MSRP financial management system.**

469. UNHCR will investigate if and how the capacity and the functionality of MSRP can be used to institute quantified analysis of warehouse requirements.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2013

470. **In paragraph 131, the Board recommended that UNHCR require supply staff to verify that there is access to sufficient warehouse capacity before ordering large quantities of goods.**

471. The Supply Management Service will provide guidance to field operations on best replenishment solutions, monitoring of ordered quantities and evaluation of warehouse capacity. This will also be formalized in guidance in the revised version of the UNHCR Supply Manual.

Department responsible:	Division of Emergency, Security, and Supply
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

472. **In paragraph 138, the Board recommended that the UNHCR Supply Management Service (a) implement its plans to create reliable supplier performance information as quickly as possible, and (b) systematically use this information to manage supplier performance and contracts, and make evidence-based decisions in awarding framework agreements.**

473. The Supply Management Service has included the collation of supplier information as one of its objectives for 2012.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	High
Target date:	First quarter of 2013

474. **In paragraph 142, UNHCR agreed with the Board's recommendation that it avoid duplicated and divergent effort by different country offices by (a) defining the information to be collated and retained for tracking supplier performance in terms of the timeliness, quality and completeness of consignment delivery, and (b) developing an easy-to-use template for supply units to capture such data consistently.**

475. UNHCR will define the information to be collated to track the timeliness, quality and completeness of delivery, and plans to develop a user-friendly template for tracking supplier performance in country operations.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2013

476. **In paragraph 149, UNHCR agreed with the Board's recommendation that it emphasize in its guidance to supply officers the underlying planning principle that the collective uncertainties in regard to tendering, supplier performance, logistics, scope for Government intervention and involvement by multiple partners will tend to extend practical lead times for medical supplies well beyond theoretical durations. In some cases, this will demand earlier requisitioning.**

477. UNHCR will provide guidance and develop operating procedures on how to anticipate delivery delays. In this context, it will also consider and provide guidance on safety stock levels.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

478. **In paragraph 150, the Board recommended that UNHCR require its country operations, as part of annual work planning, to assess whether they have the necessary expertise and are of sufficient scale to act as the procurer of medical supplies, and whether an alternative agency is better placed to procure such specialist items.**

479. The procurement of medical supplies is not one of the core activities of UNHCR. In line with the recommendation, UNHCR has established a process of cooperation with other relevant agencies.

Department responsible:	Division of Emergency, Security and Supply
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

480. **In paragraph 155, UNHCR agreed with the Board's recommendation that it amend its Supply Manual to require country supply teams to regularly market-test key locally procured services according to specific cycles.**

481. UNHCR concurs with the Board that regular market-testing for locally procured services should be formalized. This requirement will be included in the updated version of the UNHCR Supply Manual.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

482. **In paragraph 158, the Board recommended that UNHCR develop a clear strategy for extending the range of support to the field for the procurement of key services based on (a) analysis of the extent of expenditure on services such as security, telephony, fuel supply or vehicle maintenance across the country network, (b) analysis of the extent to which global suppliers have a market presence in key UNHCR locations and expert advice on the extent of savings that could be achieved from more consistent contracting and the consolidation of global buying power, and (c) feedback from supply officers in the field on priorities for the establishment of global framework agreements.**

483. The majority of services procured locally are subject to local regulations or availability. Therefore it is the view of UNHCR that the grouping of orders is not feasible or practical for the majority of the cases. However, UNHCR will explore the grouping of orders for fuel supply and vehicle maintenance as part of a fleet management project. In addition, it will seek input from supply officers in the field operations to determine priorities for establishing global frameworks.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2013

484. **In paragraph 160, the Board recommended that the strategy for contracting services incorporate (a) clear prioritization as to which services will be examined and tested in each year from 2012 to 2015, and (b) approval from the Contracts Committee of the choices made and the commitment of in-house and consultancy resources to developing and letting frameworks.**

485. UNHCR is currently focusing on the rationalization of vehicle procurement through a fleet management project. Once finalized, other groups of goods and services will be considered. The approval of choices made will be endorsed by the Contracts Committee.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	High
Target date:	Second quarter of 2013

486. **In paragraph 163, UNHCR agreed with the Board's recommendation that, where global framework agreements are not found to be feasible, it consider the production of generic service specifications for adaptation by local supply officers on a country-by-country basis.**

487. UNHCR is part of a working group with other United Nations system organizations to develop standard requirements for common services. On this basis, it will define standard terms of reference for key services and share them with field operations.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2013

488. **In paragraph 187, UNHCR agreed with the Board's recommendation that (a) it perform a comprehensive appraisal of the provision of internal audit services, examining the costs and benefits of a range of possible options for addressing the weaknesses identified, and (b) on determining the preferred response, it develop a full business case and timetable for the implementation of revised arrangements that preserve the strengths of the current arrangement and ensure the continuation of internal audit activity through any transitional period.**

489. UNHCR plans to commission an independent assessment of the options for the provision of internal audit services.

Department responsible:	Inspector General's Office
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

B. Implementation of the recommendations contained in the report of the Board of Auditors for prior financial periods

490. In annex I to its report for the financial period ended 31 December 2011 (A/67/5/Add.5, chap. II), the Board provided a summary of the status of implementation of outstanding recommendations from previous financial periods. The overall situation as of July 2012 on the 25 outstanding recommendations assessed as "partially implemented" and/or "not implemented" by the Board is summarized in table 20. The information on prior recommendations is set out in the order in which they are presented in annex I.

Table 20
Status of implementation of recommendations from prior periods considered not fully implemented in annex to the report of the Board of Auditors for the year ended 31 December 2011

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Division of Emergency, Security and Supply	2	–	–	2	2	–
Division of Financial and Administrative Management	9	–	–	9	9	–
Division of Financial and Administrative Management and Division of Programme Support and Management	2	–	–	2	2	–
Division of Human Resources Management	3	–	–	3	3	–
Division of Programme Support and Management	8	–	–	8	8	–
Executive Office	1	–	–	1	1	–
Total	**25**	–	–	**25**	**25**	–
Percentage	**100**			**100**		

Report of the Board of the financial period ended 2010[18]

491. **In paragraph 18, the Board reiterated its previous recommendation that UNHCR continue its efforts to reduce the number of staff in between assignments and not on temporary duty, and will re-examine the issue after UNHCR has established its revised policy.**

492. Efforts have been ongoing to reduce the number of staff in between assignments and to place staff members on regular and temporary assignments, or to reach agreed separation arrangements with staff in between assignments or otherwise close to retirement, where this could also make posting opportunities available for staff in between assignments. The Department of Human Resources Management shared an overview of the policy regarding staff in between assignments with the Senior Management Committee in July 2012 and proposed measures are scheduled for consideration by the Joint Advisory Committee as from September 2012. Therefore the promulgation of the policy and associated procedures can be expected by the end of 2012.

Department responsible: Division of Human Resources Management

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

[18] A/66/5/Add.5, chap. II.

493. **In paragraph 33, the Board recommended that UNHCR examine and address the reasons for deficiencies in country office financial management and reporting capacity.**

494. The implementation of this recommendation is in progress, as initially planned.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

495. **In paragraph 34, the Board also recommended that UNHCR enhance its monthly financial closure processes to include, for example, documented review and validation of asset and liability balances, review of income and expenditure against budgets, and sign-off by the relevant responsible officers at headquarters and in the field on the components of the trial balance for which they are responsible.**

496. Reference should be made to the management comments above relating to paragraph 16 of the report of the Board for the financial period ended 31 December 2011.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

497. **In paragraph 40, the Board also recommended that UNHCR develop robust and documented quality control procedures to validate the integrity of the data supplied to its actuaries concerning staff end-of-service liabilities.**

498. Reference should be made to the management comments above relating to the recommendation in paragraph 52 of the report of the Board for the financial period ended 31 December 2011.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

499. **In paragraph 44, the Board recommended that UNHCR, as part of the rationalization of its bank arrangements, centralize its banking arrangements at headquarters in order to gain maximum leverage from its bankers and subject all accounts to regular and critical challenge, closing any unnecessary bank accounts immediately.**

500. The implementation of the recommendation is in progress, as initially planned. In addition, with regard to the regular and critical review of bank accounts, reference should be made to the management comments above relating to the recommendation in paragraph 59 of the report of the Board for the financial period ended 31 December 2011.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

501. **In paragraph 49, the Board reiterated its recommendation that UNHCR conduct exhaustive bank reconciliations and reconcile all differences with the general ledger. This should include, as part of the month-end financial procedures, the reperformance of a sample of bank reconciliations to assure management that reconciliations are timely and accurate, and that items requiring reconciliation have been properly resolved.**

502. The Board acknowledged that during 2011, UNHCR made good progress in significantly reducing the backlog of bank reconciliations, with only two reconciliations outstanding at the end of 2011. With regard to enhancing control for bank reconciliation, reference should be made to the management comments above relating to the recommendation in paragraph 63 of the report of the Board for the financial period ended 31 December 2011.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

503. **In paragraph 56, the Board recommended that UNHCR intensify its efforts to cleanse the data supporting non-expendable valuations and enhance the guidance and information on asset management provided to country offices. The latter should include guidance on the frequency of local asset management board meetings.**

504. UNHCR made significant efforts to implement a global project to provide support to country offices in the validation of their non-expendable properties and in cleansing the data supporting non-expendable property valuation.

Department responsible:	Division of Emergency Security and Supply
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

505. **In paragraph 63, the Board recommended that UNHCR regularly review all inventory items for obsolescence and damage, and that it write down the values accordingly.**

506. UNHCR has drafted a policy on inventory obsolescence and is in the process of revising this policy, taking into account the recommendation from the Board.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

507. **In paragraph 69, the Board, in the light of the earlier slippages against the IPSAS implementation plan and the time available, recommended that UNHCR intensify the frequency and depth of its managerial review of progress.**

508. The implementation of this recommendation is in progress, as initially planned.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2013

509. **In paragraph 73, the Board recommended, as a matter of priority, that UNHCR (a) review and cleanse its accounting records, including all asset and liability balances, and (b) enhance its month-end closure procedures in order to fully reconcile all accounts and maintain the integrity of accounting records.**

510. Part (a) of the recommendation has been implemented. Part (b) of the recommendation is being addressed and has been implemented in part. The delay in the implementation is due to the priority given to IPSAS, in particular to ensure that opening balances were properly stated.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

511. **In paragraph 85, UNHCR agreed with the Board's recommendation that, in refining the implementation strategy, its IPSAS implementation team clearly identify the objectives and envisaged benefits of the IPSAS project, and develop a methodology to track and manage benefits realization.**

512. Reference should be made to the management comments above relating to the recommendation in paragraph 100 of the report of the Board for the financial period ended 31 December 2011.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

513. **In paragraph 88, the Board recommended that UNHCR enhance its organization-wide change management programme for IPSAS, by specifying how senior management in every business unit must take ownership of and drive the delivery of the intended benefits during and after IPSAS implementation.**

514. The implementation of this recommendation is in progress as initially planned.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

515. **In paragraph 92, the Board recommended that UNHCR streamline its performance measurement to focus on mission-critical activities in a more comprehensive way, embracing output volumes, service quality and efficiency of delivery.**

516. The implementation of this recommendation is in progress.

Department responsible:	Division of Programme Support and Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

517. **In paragraph 99, the Board recommended that UNHCR develop cost-based information to improve the evidence base for allocation decisions and provide a stronger link to enforce accountability. Particular emphasis should be placed on allowing for comparisons between country operations, on the relative contributions made by UNHCR to changes in the conditions of populations of concern, and on linking financial and output data to assess efficiency and cost-effectiveness.**

518. The development of a working proof of concept was completed by April 2012. The development of a second phase is ongoing.

Department responsible:	Division of Programme Support and Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

519. **In paragraph 100, the Board also recommended that UNHCR develop a summarized scorecard to enhance the senior management review of performance and risks at the country and corporate levels, aligned with the development of Focus, in support of the implementation of results-based management.**

520. The first phase of the development of the scorecard was completed in May 2012 and the full development is planned to be completed by the end of 2012.

Department responsible: Division of Programme Support and Management

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

521. **In paragraph 104, UNHCR agreed with the Board's recommendation that it re-establish and entrench the principles laid down in its own guidance by establishing at the country level a policy clearly specifying the circumstances in which country operations should normally commission programme and project evaluations, and requiring explicit planning and budgeting for evaluation during project design.**

522. The work on the revision of the UNHCR Operational Manual (chapter 4) was ongoing throughout the first half of 2012. A final draft is now circulating in UNHCR for final input and approval.

Department responsible: Division of Programme Support and Management

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

523. **In paragraph 107, UNHCR accepted the Board's recommendations that, as a matter of urgency, it establish a simple organization-wide risk management approach, building on existing reporting arrangements.**

524. The implementation of this recommendation is in progress.

Department responsible: Executive Office

Status: In progress

Priority: High

Target date: Fourth quarter of 2013

525. **In paragraph 114, the Board recommended that UNHCR review the various approaches to project tracking across its network in order to identify best practices with wider applicability and assess compatibility with the corporate information technology strategy.**

526. The implementation of this recommendation is linked to ongoing consultations with UNHCR implementing partners on the introduction of a new risk-based approach to the management of its relationship with implementing partners, from selection through contracting and monitoring of performance. The various approaches used will be reviewed by the group as part of the discussion on best approaches to monitoring.

Department responsible: Division of Programme Support and Management

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

527. **In paragraph 117, the Board recommended that UNHCR adopt a risk-based approach to managing partners on the basis of clearly defined requirements, objective and well-evidenced risk assessment of partners, and robust arrangements to monitor its consistent application by country offices.**

528. The implementation of the recommendation is in progress.

Department responsible:	Division of Administrative and Financial Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

529. **In paragraph 124, the Board recommended that UNHCR impose mandatory requirements on its country operations to consistently (a) document their justifications for partner selection, including explicit consideration of value for money, building on examples of good practice, (b) formally assess the market for alternative partners at regular intervals (with once every five years as the absolute minimum), (c) consider the alternative of commercial procurement whenever seeking a market-traded service and document the justification when selecting a non-commercial partner without having tested the market.**

530. The implementation of the recommendation is in progress.

Department responsible:	Division of Financial and Administrative Management and Division of Programme Support and Management
Status:	In progress
Priority:	High
Target date:	First quarter of 2013

531. **In paragraph 127, UNHCR agreed with the Board's recommendation that the range of indicators used in partner agreements be broadened through revised guidance and that performance frameworks be subjected to management authorization before agreements are signed.**

532. The implementation of the recommendation is in progress.

Department responsible:	Division of Programme Support and Management
Status:	In progress
Priority:	Medium
Target date:	Third quarter of 2012

533. **In paragraph 133, UNHCR agreed with the Board's recommendation that in developing its new management approach and to help improve consistency, it establish common checklists that can be issued to officers in the field to detail the partner visits they undertake. The checklists should emphasize the need for firm action by country offices to tackle partner underperformance and should require full documentation of the action taken. This recommendation replaces the Board's previous recommendation.**

534. The implementation of the recommendation is in progress.

Department responsible:	Division of Financial and Administrative Management and the Division of Programme Support and Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

535. **In paragraph 138, the Board recommended that UNHCR review and reconcile the management letters issued by the independent auditors against implementing partner financial monitoring reports, with follow-up action taken where appropriate.**

536. The implementation of the recommendation is in progress.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

537. **In paragraph 150, the Board recommended that UNHCR make it an explicit requirement that a comparative assessment against a "do-minimum" or "no-change" base option be included in each of the action plans it produces for internal and donor consideration on tackling protracted refugee situations. The purpose is to enable UNHCR to measure the value to be gained or currently gained from the proposed solution and does not imply that UNHCR should consider a "do-minimum" or a "do-nothing" option acceptable.**

538. It is planned that the practical aspects of the implementation of this recommendation will be discussed by the established working group on protracted refugee situations under the leadership of the Assistant High Commissioner for Protection.

Department responsible:	Division of Programme Support and Management
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2013

539. **In paragraph 154, UNHCR agreed with the Board's recommendation that its guidance for country offices on designing durable solutions be supplemented with concise checklists, compiled in the light of project experience, to help country teams better identify and budget for the costs that regularly arise in durable solutions.**

540. The work on the draft UNHCR Handbook for Repatriation and Reintegration activities has taken longer than foreseen, and the consultative workshop had to be postponed to the second half of 2012.

Department responsible: Division of Programme Support and Management

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

IX. Fund of the United Nations Environment Programme

A. Implementation of the recommendations contained in the report of the Board of Auditors for the biennium ended 31 December 2011[19]

541. The status of implementation of the main recommendations as of July 2012 is summarized in table 21.

Table 21
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Office for Operations	6	–	2	4	4	–
Multiple divisions	2	–	1	1	1	–
United Nations Office at Nairobi/Office for Operations/Treasury	2	–	–	2	2	–
Total	**10**	**–**	**3**	**7**	**7**	**–**
Percentage	**100**	**–**	**30**	**70**		

542. The status of implementation of all recommendations as of July 2012 is summarized in table 22.

Table 22
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
United Nations Office at Nairobi/Office for Operations	8	1	2	5	5	–
Office for Operations	10	–	4	6	6	
Multiple divisions	2	–	1	1	1	–
United Nations Office at Nairobi/Office for Operations/Treasury	3	–	–	3	3	–
Department of Management	1	–	–	1	1	–
Total	**24**	**1**	**7**	**16**	**16**	
Percentage	**100**	**4**	**29**	**67**		

[19] A/67/5/Add.6, chap. II.

543. **In paragraph 28, the United Nations Environment Programme (UNEP) agreed with the Board's recommendation that UNEP (a) enhance and clarify the oversight role and delegation of authority for the creation of allotments without delay, and (b) issue to all concerned parties clarified authorizing documents that set out their roles and responsibilities.**

544. UNEP has clarified such delegation with oversight assigned to the Office for Operations.

Department responsible:	Office for Operations
Status:	Implemented
Priority:	High
Target date:	Not applicable

545. **In paragraph 46, UNEP agreed with the Board's recommendation that it (a) continue to review the nature of its relationship with each of the multilateral environmental agreements, taking full account of the extent to which the multilateral environmental agreements have already implemented procedures that place them outside the scope of the operational and financial control of UNEP, and (b) determine for the purposes of IPSAS transition whether the multilateral environmental agreements concerned remain within or under the operational and financial control of UNEP.**

546. The IPSAS team in New York is of the view that the multilateral environmental agreements should be included in the financial statements of UNEP but that this requires a memorandum of understanding/delegation arrangement similar to that in place with the Convention on International Trade in Endangered Species of Wild Fauna and Flora. UNEP, in consultation with the United Nations Office at Nairobi, will assign individual responsibility for a plan of action in respect of multilateral environmental agreements and their inclusion in the financial statements of UNEP under IPSAS.

Department responsible:	Office for Operations
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

547. **In paragraph 51, the Board recommended that for future financial statements, UNEP request that the United Nations Office at Nairobi enhance the disclosures within its financial statements (a) by inserting a footnote to statement I to state the value of negative entries caused by the cancellation of obligations created in previous periods and from projects that remain ongoing, and (b) by amending the line entry entitled "Savings on or cancellation of prior period obligations" on financial statement I to reflect that the balance relates only to completed projects.**

548. UNEP and the United Nations Office at Nairobi did not accept this recommendation, as they both follow the United Nations Headquarters reporting format, which does not include such disclosure.

Department responsible: Office for Operations

Status: Not accepted

Priority: Medium

Target date: Not applicable

549. **In paragraph 54, UNEP agreed with the Board's recommendation that (a) it review the cash reserves of each trust fund before expenditures are incurred, (b) that it require explicit and documented prior approval of its Executive Director or his delegated representative for any instance where trust funds will spend more than the cash they have available and (c) that the Executive Director take necessary steps to ensure that the spending of more cash than is available to each trust fund is reduced to the minimum level possible during the current biennium.**

550. With the exception of the Mediterranean Action Plan, for which issues as well as measures taken by UNEP have been extensively documented and thoroughly reviewed by the Board, there have been no significant instances with regard to overexpenditure.

Department responsible: Office for Operations

Status: Implemented

Priority: Medium

Target date: Not applicable

551. **In paragraph 63, UNEP agreed with the Board's recommendation that UNEP disclose in the financial statements of the Trust Fund for the Multilateral Fund for each biennium the value of exchange rate losses (or gains) that occurred during the financial period, as a separate line item on the face of the financial statements.**

552. The 2010-2011 financial statements were amended accordingly to include this disclosure and it will be included in the financial statements of future periods.

Department responsible: Office for Operations

Status: Implemented

Priority: Medium

Target date: Not applicable

553. **In paragraph 66, the Board recommended that UNEP consider the feasibility of introducing procedures to mitigate exchange rate risks, subject to guidance from United Nations Headquarters, and consideration of the costs and benefits.**

554. UNEP is seeking guidance from the Office of the Assistant Secretary-General, Controller, and the Treasury at Headquarters on this matter.

Department responsible:	Office for Operations/United Nations Headquarters-Office of Programme Planning, Budget and Accounts
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

555. **In paragraph 69, the Board reiterated its previous recommendation that UNEP set up specific arrangements to fund its liabilities for end-of-service and post-retirement benefits, for consideration and approval by its Governing Council and the General Assembly. The Board recognizes that UNEP will need to seek guidance from United Nations Headquarters on this matter.**

556. UNEP will seek guidance from the Office of Programme Planning, Budget and Accounts of the United Nations Secretariat on the matter. At the same time, the Office requires direction from the General Assembly. This guidance is yet to be provided.

Department responsible:	Office for Operations/United Nations Headquarters-Office of Programme Planning, Budget and Accounts
Status:	In progress
Priority:	Medium
Target date:	Ongoing

557. **In paragraph 74, UNEP agreed with the Board's recommendation that UNEP and the United Nations Office at Nairobi each assign an appropriate individual to monitor the impact of exchange rate fluctuations on its cash balances, as translated into United States dollars, and to alert senior management to any action needed to avoid losses.**

558. A staff member has been assigned to monitor and report on cash balances and currency fluctuation. However, more clarity as to the responsibility exercised by the Treasury at Headquarters is required.

Department responsible:	Office for Operations/United Nations Headquarters-Office of Programme Planning, Budget and Accounts
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

559. **In paragraph 76, the Board also recommended that UNEP, in liaison with the United Nations Office at Nairobi, seek guidance and clarification from United Nations Headquarters on the management of currency exchange risk on all large non-United States dollar balances within its investment pool.**

560. This is a centralized function under the Office of the Controller and the Treasury at Headquarters.

Department responsible:	Office for Operations/United Nations Headquarters-Office of Programme Planning, Budget and Accounts
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

561. **In paragraph 79, UNEP agreed with the Board's recommendation that it review all cash balances paid out to its implementing partners and recover all sums that are not due to be expended within a reasonable period and, at most, a six-month period.**

Department responsible:	Office for Operations
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

562. **In paragraph 80, UNEP also agreed with the Board's recommendation that UNEP only make payments to its implementing partners when it has sufficient evidence that the funds are required for the immediate settlement of project costs and that it recall those funds whenever projects are subsequently subject to delay.**

563. Such procedures are already being followed. However, compliance measures will be further enhanced.

Department responsible:	Office for Operations
Status:	Implemented
Priority:	High
Target date:	Not applicable

564. **In paragraph 83, UNEP agreed with the Board's recommendation that UNEP and the United Nations Office at Nairobi investigate all unsupported balances within its ledgers and cleanse the ledgers through appropriate write-offs.**

565. UNEP is working with the United Nations Office at Nairobi on data compilation in preparation for IPSAS and Umoja implementation.

Department responsible:	Office for Operations
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

566. **In paragraph 85, UNEP agreed with the Board's recommendation that UNEP, in liaison with the United Nations Office at Nairobi, review asset-security arrangements at the Nairobi duty station and implement procedures to improve the security of its valuable and attractive assets.**

567. Enhanced security measures have been established at the Nairobi facilities, including CCTV installations, improved building access control and installation of

locks on specific laptops. Asset security is now a regular topic of discussion between the security section and the United Nations agencies in the Nairobi Gigiri complex.

Department responsible:	Office for Operations/United Nations Office at Nairobi
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

568. **In paragraph 90, UNEP agreed with the Board's recommendation that UNEP, with the input of the United Nations Office at Nairobi, strengthen the controls around the capture and recording of its assets and address the underlying reasons for the omission of assets from asset registers, identified during 2010-2011.**

569. Additional assets in the amount of $1.197 million were identified during the biennium 2010-2011, which indicates an improved level of asset management. UNEP will continue to work with the United Nations Office at Nairobi towards further improvement. Preparations are under way to introduce IPSAS.

Department responsible:	Office for Operations/United Nations Office at Nairobi
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

570. **In paragraph 93, UNEP agreed with the Board's recommendation that it proceed with the development and implementation of enterprise risk management and develop, during 2012, a specific plan for implementation, including timescales and the allocation of responsibilities for implementation to individuals.**

571. Enterprise risk management basic coverage for UNEP has already been reviewed by the senior management team and the Executive Director. An updated version, taking into account the latest comments of the senior management team, is in preparation and will be submitted, together with an implementation schedule and responsibilities, for approval and start-up before the end of 2012.

Department responsible:	Office for Operations/United Nations Office at Nairobi
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

572. **In paragraph 99, UNEP agreed with the Board's recommendation that it determine, in advance of the next procurement training sessions, which staff should be trained first, and engage with the United Nations Office at Nairobi to secure the necessary training.**

573. Special emphasis has been given to the training of the members of the Local Committee on Contracts, in cooperation with the Department of Management of the Secretariat. At the meetings of UNEP global administrative officers, a full day has been allocated for procurement training, in coordination with the United Nations Office at Nairobi.

Department responsible:	Office for Operations/United Nations Office at Nairobi
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

574. **In paragraph 102, UNEP agreed with the Board's recommendation that it (a) require requisitioners to channel through the Procurement Section of the United Nations Office at Nairobi all procurement requirements that fall under the delegated procurement authority of the United Nations Office at Nairobi, so that only the Procurement Section of the United Nations Office at Nairobi would create commitments to vendors, in accordance with existing rules, and (b) review regularly, and at least quarterly, its use of waivers and ex post facto approvals, to assure itself that the use is justified.**

575. Relevant discussions are taking place between UNEP, the United Nations Office at Nairobi and the Department of Management of the Secretariat to reach a final agreement on all matters relating to the delegation of authority for procurement.

Department responsible:	Office for Operations/United Nations Office at Nairobi
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2013

576. **In paragraph 107, UNEP agreed with the Board's recommendation that UNEP and the United Nations Office at Nairobi, before the end of 2012, agree on a detailed and costed delivery plan that covers all aspects of IPSAS implementation and sets out the key milestones to be achieved from the present time until the delivery of the first set of IPSAS-compliant financial statements in 2014.**

577. UNEP is working on a plan regarding the provision of dedicated resources for IPSAS implementation in conjunction with the United Nations Office at Nairobi and the United Nations Human Settlements Programme. A joint working group has been established for this specific purpose.

Department responsible:	Office for Operations/United Nations Office at Nairobi
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

578. **In paragraph 110, UNEP agreed with the Board's recommendation that, in ...on with the United Nations Office at Nairobi, it clarify its plan for funding its implementation of IPSAS before the end of 2012.**

579. The recruitment of two professional finance staff dedicated to IPSAS transition and implementation is already in progress.

Department responsible:	Office for Operations/United Nations Office at Nairobi
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

580. **In paragraph 114, UNEP agreed with the Board's recommendation that, when finalizing its outputs for the 2014-2017 medium-term strategy and related programme of work, it define each project's expected contribution to its strategic outputs, outcomes and expected accomplishments, and establish performance indicators that can be aggregated to provide an overall picture of programme performance. Where an individual project contributes to more than one expected accomplishment, the respective contribution to each expected accomplishment should be defined.**

581. The 2014-2017 medium-term strategy has been drafted in consultation with Member States and other stakeholders, and includes the expected accomplishments. The 2014-2015 programme of work is currently under preparation, with work ongoing on developing the causal relationship between outputs, outcomes and expected accomplishments.

Department responsible:	Office for Operations
Status:	Implemented
Priority:	High
Target date:	Not applicable

582. **In paragraph 121, UNEP agreed with the Board's recommendation that it articulate clearly in future project proposals the baselines, targets, data sources and methods to be used to measure progress towards intended results.**

583. The format for project planning is currently under review and will require that baselines are also mandatory for project planning. The other parameters, targets, data sources and methods to be used to measure progress are already requirements in the standard UNEP project format and the next step is to ensure that new projects submitted to the UNEP project review committee include adequate information before they are approved.

Department responsible:	Office for Operations
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

584. **In paragraph 127, UNEP agreed with the Board's recommendation that (a) UNEP project managers notify senior management of all projects that are not progressing well in terms of time, cost and/or quality, the reasons for the problems and actions proposed to address them, and (b) senior management review progress to assess whether the proposed actions have been addressed and require that such actions be reported as part of the programme performance reports.**

585. Programme performance vis-à-vis the strategic plan is scheduled at the senior management team sessions at least twice a year. The topic was addressed at a team meeting in early 2012 and will be on the agenda of the team retreat in October 2012.

Department responsible:	Office for Operations
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

586. **In paragraph 129, UNEP agreed with the Board's recommendation that its senior management team review performance and progress against its strategic plan, at least every six months, and that it document its consideration, including any actions to be taken. UNEP had begun to implement this recommendation at the time of the Board's final audit.**

587. A review of programme performance vis-à-vis the strategic plan is scheduled at the senior management team sessions at least twice a year.

Department responsible:	Office for Operations
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

588. **In paragraph 134, UNEP agreed with the Board's recommendation that, before the end of 2012, it determine the best way to embed learning across portfolios, allocating to the relevant sections responsibility for actions to address the areas for improvement.**

589. UNEP has already budgeted for 2012-2013 resources for corporate training, including for the foregoing. The corporate training and learning plan is being finalized in close cooperation with the Human Resources Management Service training unit in the United Nations Office at Nairobi.

Department responsible:	Office for Operations
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

B. Implementation of the recommendations contained in the reports of the Board of Auditors for the prior financial periods

590. In the annex to its report for the financial period ended 31 December 2011 (A/67/5/Add.6, chap. II), the Board provided a summary of the status of implementation of outstanding recommendations from previous financial periods. The overall situation as of July 2012 on the 10 outstanding recommendations assessed as "partially implemented" and/or "not implemented" by the Board is summarized in table 23. The information on prior recommendations is set out in the order in which they are presented in the annex.

Table 23
Status of implementation of main recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the financial period ended 31 December 2011

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Department of Management	3	2	–	1	–	1
Office for Operations/United Nations Office at Nairobi	5	–	–	5	5	–
Office for Operations	2	–	1	1	1	–
Total	**10**	**2**	**1**	**7**	**6**	**1**
Percentage	**100**	**20**	**10**	**70**		

Report of the Board for the financial period ended 2009[20]

591. **In paragraph 29, UNEP agreed with the Board's recommendation that it take advantage of the installation of the new enterprise resource planning system to set up indicators for the regular monitoring of the cash situation.**

592. This recommendation can only be implemented upon finalization of the new enterprise resource planning system Umoja features.

Department responsible: Office for Operations/United Nations Office at Nairobi

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2015

593. **In paragraph 38, UNEP agreed with the Board's recommendation that it (a) continue to prepare for the implementation of IPSAS in collaboration with the United Nations Office at Nairobi and (b) specify its needs for the migration of the Crystal software to the future enterprise resource planning system of the Secretariat (Umoja).**

[20] A/65/5/Add.6, chap. II.

594. The recommendation on Crystal is overtaken by events. UNEP and the United Nations Office at Nairobi continue to prepare for the implementation of IPSAS, with effect from 1 January 2014.

Department responsible:	Office for Operations/United Nations Office at Nairobi
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

595. **In paragraph 65, UNEP agreed with the Board's recommendation that it close the Trust Fund for the Establishment of the Interim Secretariat of the Biological Diversity Convention.**

596. The recommendation has been implemented and should be closed.

Department responsible:	Office for Operations
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

597. **In paragraph 88, the Board recommended that UNEP, in collaboration with the United Nations Headquarters Administration, revise its accounting treatment of education grants.**

598. This recommendation cannot be implemented without a change in United Nations Headquarters procedures.

Department responsible:	Office for Operations
Status:	Not accepted
Priority:	Medium
Target date:	Not applicable

599. **In paragraph 112, the Board reiterated its previous recommendation that UNEP set up specific funding to balance its liabilities for end-of-service and post-retirement benefits, for consideration and approval by its Governing Council and the General Assembly.**

600. Reference should be made to the comments above made by UNEP relating to the recommendation in paragraph 69 of the report of the Board for the biennium 2010-2011.

Department responsible:	Office for Operations
Status:	In progress
Priority:	Medium
Target date:	Ongoing

601. **In paragraph 129, UNEP agreed with the Board's recommendation that it consider a review of its policy for the valuation of leave liability in its implementation of IPSAS.**

602. In paragraph 15 of its report for the biennium ended 31 December 2011, the Board acknowledged that this recommendation cannot be implemented without a change in United Nations Headquarters procedures.

Department responsible:	Office for Operations
Status:	Not accepted
Priority:	Medium
Target date:	Not applicable

603. **In paragraph 134, UNEP agreed with the Board's recommendation that it ensure that all indicators of achievement are supported by documentary evidence.**

Department responsible:	Office for Operations
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

604. **In paragraph 156, the Board recommended that UNEP, in coordination with the United Nations Office at Nairobi, (a) add a required field in the IMIS system so that the relevant contract number can be entered for goods and services orders associated with a particular contract and (b) keep the contract management database up-to-date.**

Department responsible:	Office for Operations/United Nations Office at Nairobi
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

605. **In paragraph 163, UNEP agreed with the Board's recommendation regarding the extension of the inventory management system to outposted and liaison offices.**

Department responsible:	Office for Operations/United Nations Office at Nairobi
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

606. **In paragraph 177, UNEP agreed with the Board's recommendation that, in coordination with the United Nations Office at Nairobi, it (a) take advantage of the upcoming implementation of the new enterprise resource planning system to eliminate journal voucher entries and (b) strengthen internal control over journal voucher entries and the access rights to make them.**

Department responsible:	Office for Operations/United Nations Office at Nairobi
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2015

X. United Nations Population Fund

A. Implementation of the recommendations contained in the report of the Board of Auditors for the biennium ended 31 December 2011[21]

607. The status of implementation of the main recommendations as of July 2012 is summarized in table 24.

Table 24
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Division for Management Services	9	–	1	8	8	–
Division for Human Resources	3	–	1	2	2	–
Office of the Executive Director	2	–	–	2	2	–
Information and External Relations Division	1	1	–	–	–	–
Procurement Services Branch	4	–	1	3	3	–
Total	**19**	**1**	**3**	**15**	**15**	**–**
Percentage	**100**	**5**	**16**	**79**		

608. The status of implementation of all recommendations as of July 2012 is summarized in table 25.

[21] A/67/5/Add.7, chap. II.

Table 25
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Division for Management Services	13	–	1	12	12	–
Division for Human Resources	5	–	2	3	3	–
Information and External Relations Division	1	1	–	–	–	–
Procurement Services Branch	7	–	2	5	5	–
Office of the Executive Director	3	–	–	3	3	–
Multiple offices	5	2	2	1	1	–
Total	**34**	**3**	**7**	**24**	**24**	**–**
Percentage	**100**	**9**	**21**	**70**		

609. **In paragraph 25, the Board recommended that the United Nations Population Fund (UNFPA) (a) formally document the plan and execute its plan for the preparation of opening balances for IPSAS, (b) address the deficiencies in the asset registers and leave balances, (c) urgently roll out the inventory management system to country offices as soon as possible and (d) develop an IPSAS benefits realization plan.**

610. The process to determine the IPSAS opening balances in the main impacted areas, such as fixed assets, inventories and employee benefits has been ongoing since 2010 and will be fully completed within the third quarter of 2012. A comprehensive working document on the quantification of the IPSAS balances and the process followed by UNFPA has been issued to the Board.

611. The fixed asset and employee benefits management practices have been reviewed and enhanced. Additional monitoring and review of the asset management operations performed in the field are being set up at the headquarters level. Further asset management training and an integrated reporting dashboard are being provided to country offices in order to strengthen practices and compliance. In the employee benefits area, verification of differentials between manual and system recorded leave is under way.

Department responsible: Division for Management Services

Status: In progress

Priority: High

Target date: Fourth quarter of 2012

612. **In paragraph 30, UNFPA agreed with the Board's recommendation to review its transactions and general ledger to ensure that transactions and account balances are correctly classified in the correct accounts.**

613. Although insignificant amounts were involved, UNFPA has taken steps to ensure consistency and avoid mis-posting of accounts by rationalizing its charts of accounts. UNFPA has extended its reconciliation and review exercises performed by country offices and continues to issue guidance to improve clarity on accounts usage.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

614. **In paragraph 33, the Board reiterated its recommendation that UNFPA (a) clear all long-outstanding amounts from staff education grants, (b) regularly reconcile the account to comply with paragraph 11 of information circular ST/IC/2002/5 and (c) consider a revision to the separation processes to ensure that outstanding education grants are recovered from staff prior to separation.**

615. The United Nations Development Programme/Benefits and Entitlements Services has processed all outstanding education grant advances over 365 days with the exception of one separation case that is being processed. Since 2005, it has been the practice to recover education grant advances prior to finalizing the separation of a staff member. As recommended by the Board, the letter of separation for staff members was revised in March 2012, instructing that education grant claims must be submitted for payment prior to the date of separation. If the claim is not received at the time of separation, the full amount of the education grant advance is recovered from the staff member's final pay.

Department responsible:	Division for Human Resources
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

616. **In paragraph 39, UNFPA agreed with the Board's reiterated recommendation to follow up with donors to ensure that available donor funds were utilized for programme implementation, or paid back to donors in a timely manner.**

617. The Resource Mobilization Branch and the Finance Branch regularly remind budget holders of their responsibility to spend donor funds in a timely manner and to review expiry agreement dates. The timely utilization of funds received is the responsibility of the budget holder. It should be noted that significant improvements were made in terms of unspent donor funds, where unspent balances were reduced significantly. Unspent balances are communicated to donors every year through the submission of donor financial statements. In most cases the agreements clearly state how to dispose of unspent balances, if any. In some cases, however, donors need to be consulted. Unless donors provide formal responses, UNFPA cannot proceed with the refunds or reprogramming.

Department responsible:	Information and External Relations Division/ Division for Management Services
Status:	Not accepted
Priority:	Medium
Target date:	Not applicable

618. **In paragraph 42, UNFPA agreed with the Board's reiterated recommendation to monitor the issuing of project progress reports to donors by country offices, as required by the donor agreements.**

619. UNFPA has established an electronic monitoring system for narrative reports (the donor agreement and report tracking system) in order to monitor compliance. Accountability lines between the budget holder and other units have been clearly spelled out and communicated to all staff, and a dashboard for monitoring was created. In addition, the office management plan includes a mandatory activity on the need to submit timely reports.

Department responsible:	Information and External Relations Division
Status:	Not accepted
Priority:	High
Target date:	Not applicable

620. **In paragraph 46, the Board reiterated its recommendations that UNFPA address, through its operational and management process, the matter of ensuring that operationally closed earmarked projects are financially closed in a timely manner.**

621. There is a difference between operational and financial closure of the projects. Financial closure would usually follow the date of operational closure of the project. The reason is that a number of transactions, including late charges from service providers, payroll charges and foreign exchange adjustments, can be conducted after the operational closure date and proper recording and representation in donor reporting need to be carried out. During the four months when projects are operationally closed but still financially open, no further goods or services can be ordered or received, but a number of late expenses can be legitimately posted. Financial controls are in place to ensure that no unrelated expenditures are put into the accounts independently from the funds' closure rules.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

622. **In paragraph 64, the Board considered that there is a need for the United Nations system to revisit the HACT framework to address the reasons why the framework has not worked, if HACT needs to be pursued or revised or if alternate models that support the original objectives can be developed.**

623. Through the HACT Advisory Committee, UNFPA is actively supporting United Nations Development Group-level efforts to improve the HACT framework and its country-level implementation.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	High
Target date:	Second quarter of 2013

624. **In paragraph 65, where HACT implementation is continued by Executive Committee agencies, the Board recommends that UNFPA (a) consider amendments to its HACT implementation guideline to clearly define roles and responsibilities relating to HACT implementation, and (b) establish, in conjunction with other agencies, clear deadlines for HACT compliance for its country offices.**

625. Once inter-agency work on the revision of the HACT framework is completed, UNFPA will revise its policies, procedures and guidance to its country offices in line with the updated framework.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

626. **In paragraph 66, furthermore, the Board recommended that (a) UNFPA review the adequacy of the assignment of the responsibility within the organization for active participation of UNFPA in HACT, (b) review the assessment and audit reports to identify the needs of the implementing partners and improve the capacity, and (c) correctly implement the HACT framework to ensure that it provides assurance that funds were used for the intended purposes.**

627. UNFPA continues to provide support to country offices in the implementation of HACT and to leverage cross-unit collaboration in the context of the Interdivisional Working Group on Field Support. UNFPA also considers as a top priority the provision of capacity development support to implementing partners, in particular in the area of national execution and HACT framework implementation.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

628. **In paragraph 69, the Board recommended that UNFPA Sudan complete quarterly field monitoring visits reports for all implementing partners.**

629. The new UNFPA policy for monitoring, which was rolled out in 2012, no longer makes field monitoring visits mandatory.

Department responsible:	Sudan country office
Status:	Not accepted
Priority:	Medium
Target date:	Not applicable

630. **In paragraph 74, the Board reiterated its previous recommendation that UNFPA (a) follow up on long-outstanding operating fund advances in a timely manner and ensure that funds advanced are utilized for their intended purposes, and (b) reallocate credit balances in operating funds and advances to accounts payable.**

631. With regard to follow-up on long-outstanding ("aged") operating fund accounts, additional resources are being utilized to analyse all aged operating fund account balances as of 31 December 2011 and to adjust them, as appropriate. As a result of this analysis, specific requests for write-off will be issued for amounts considered no longer recoverable. UNFPA has taken steps to strengthen its monitoring and reporting in order to ensure that operating fund account balances are dealt with before they become aged. The Finance Branch will monitor and track the results of the analysis.

632. With regard to reallocation of credit balances in operating fund advances to accounts payable, additional resources are being utilized to analyse and clear negative operating fund account balances outstanding as of 31 December 2011.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

633. **In paragraph 75, the Board further recommended that UNFPA (a) analyse its long-outstanding operating fund balances and identify balances that are not recoverable and consider write-off, and (b) review operating fund advances transactions to identify and correct accounting errors.**

634. The planned action is that the 10 business units with the largest operating fund account balances older than one year as of 31 December 2011 will perform an analysis and adjust those balances, as appropriate. As a result of this analysis, write-off requests could be issued for amounts considered no longer recoverable. The Finance Branch will monitor and track the results of the analysis.

635. In addition, a new operating fund account reconciliation exercise involving all country offices will be performed during the third quarter of 2012. Enhanced guidance on how to deal with operating fund accounts will be provided by the Finance Branch. Units will be requested to complete reconciliation and the Finance Branch will coordinate and oversee the resolution of any identified discrepancy.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

636. **In paragraph 76, the Board reiterated its recommendation that UNFPA consider effective controls, with a focus on headquarters monitoring over country office controls, to ensure that operating fund account balances are cleared on time.**

637. A new operating fund account reconciliation exercise involving all country offices will be performed during the third quarter of 2012. Enhanced guidance on how to deal with operating fund accounts has been provided by the Finance Branch. Business units will be requested to complete reconciliation and the Finance Branch will coordinate and oversee the resolution of any identified discrepancy.

638. In addition, new controls are being put in place to prevent the state of affairs from arising again. New reporting tools are being made available to age and analyse outstanding operating fund accounts, and new controls are being put in place to prevent new operating fund accounts from being issued to implementing partners with aged balances.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

639. **In paragraph 83, the Board recommended that UNFPA (a) provide clarity on the extent of oversight that regional offices should provide to country offices, (b) capacitate regional offices with staff and tools to enable them to carry out the oversight functions, and (c) design and implement the performance measure system to be used to measure the effectiveness and performance of regional offices.**

640. **In paragraph 84, the Board further recommended that UNFPA address the weaknesses in its regional office architecture, as recommended by the Division for Oversight Services.**

641. In response to the recommendations in paragraphs 83 and 84, specific terms of references exist for the regional offices and there is an official appraisal system that includes assessing results achieved. UNFPA is currently reviewing actions taken by various units in response to the recommendations of the governance audit conducted in 2011 by its Division for Oversight Services. Furthermore, an independent evaluation is being planned in 2013 to review the achievements and challenges of regionalization. The results of this evaluation will also be taken into account in the context of the development of the next strategic plan 2014-2017.

Department responsible:	Office of the Executive Director
Status:	In progress
Priority:	High
Target date:	Second quarter of 2013

642. **In paragraph 91, the Board reiterated its recommendation that UNFPA comply with its policies and procedures regarding the evaluation of vendor performance.**

643. **In paragraph 92, the Board further recommended that UNFPA expedite the correction of the system errors (bugs) on the vendor assessment tool.**

644. With reference to the recommendations in paragraphs 91 and 92, UNFPA has been conducting a vendor performance evaluation of contraceptives suppliers. A new web-based vendor performance evaluation tool has been launched, although the tool still requires further technical modification. In the meantime, the concerned unit continues to ensure that all UNFPA buyers enter the supplier evaluation data in the tool. The web-based vendor performance evaluation tool will be relaunched.

Department responsible:	Procurement Services Branch
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

645. **In paragraph 95, the Board reiterated its prior recommendation that the Procurement Services Branch of UNFPA address its long-outstanding fund balances.**

646. During the biennium, UNFPA changed its policy for third-party procurement and since then has only placed procurement orders on behalf of a third party after receipt of funds, with the exception of UNDP, thus avoiding any balances due or payable to third parties. Moreover, UNFPA made commitments to utilize 93 per cent of long-outstanding fund balances for purchases in 2012.

Department responsible:	Procurement Services Branch
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

647. **In paragraph 99, the Board recommended that UNFPA (a) implement procedures to monitor the use of waivers and review the validity of the reasons provided by requesting units for waivers, and (b) adequately document and justify the use of waivers.**

648. The new UNFPA procurement procedures will provide clearer guidance on waivers. The online Contract Review Committee tool will be further enhanced, requiring the submitter to submit further documentation and supporting information in order to make cases stronger and justified.

Department responsible:	Procurement Services Branch
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

649. **In paragraph 103, the Board recommended that UNFPA strengthen the review of ex post facto cases and other submissions to the Contract Review Committee to limit the number of such cases.**

Department responsible:	Procurement Services Branch
Status:	Implemented
Priority:	High
Target date:	Not applicable

650. **In paragraph 104, the Board further recommended that UNFPA develop adequate contract management procedures to identify contracts that will expire in order to enable it to start the procurement process in good time.**

651. A new e-tendering and contract management tool will be launched by December 2012.

Department responsible:	Procurement Services Branch
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

652. **In paragraph 106, the Board recommended that the UNFPA Procurement Services Branch implement procedures that address potential conflicts of interest in its procurement process.**

Department responsible:	Procurement Services Branch
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

653. **In paragraph 108, the Board recommended that UNFPA Nepal review its service contracts to ensure that core functions are not performed by service contractors.**

654. In 2009, the UNFPA Nepal country office undertook a review exercise to align its staffing structure with the strategic direction of the country programme and move from service delivery to capacity-building of partners. As a result, the number of service contract positions was substantially reduced, with remaining service contract holders performing project-related activities. In addition, UNFPA ensured that core functions were performed by fixed-term appointment staff only.

Department responsible:	Nepal country office/Division for Human Resources
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

655. **In paragraph 110, the Board further recommended that the Sudan country office perform service contracts evaluations and provide justifications for the continued use of contracts.**

656. As to the Board's comments on the use of service contracts, UNFPA reports that clear distinctions exist between the different types of contract modalities to which the auditors are referring. In this regard, the Board may wish to note the following. UNFPA utilizes service contracts administered by UNDP, following UNDP guidelines. These contracts are issued for a minimum of 6 months and are renewable up to five years, but not more than 12 months at a time. Special service agreements are issued for short-term consultancies up to a maximum of 11 months and are renewable with a break-in service. The contract for professional services (also known as a service contract) is a procurement contract by which an institution, corporation or other juridical entity ("contractor") is engaged to perform duties or work for UNFPA, for example, developing a curriculum, carrying out specific research, or overseeing a publication, an evaluation, or a training workshop.

Department responsible:	Sudan country office/Division for Human Resources
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

657. **In paragraph 115, the Board reiterated its previous recommendation that UNFPA strengthen asset management controls in the field either (a) by reviewing its guidance available to country offices, or (b) through training on asset management. Its initiatives should focus on timely submission of asset certifications, improvements in asset identification and recording, and inventory count procedures.**

658. UNFPA is currently working on implementing an online asset certification course which will be launched in September 2012. The course needs to be completed by each staff member concerned with asset management before the end of the year. UNFPA guidance to field offices and feedback received from various units has led to improvements in the asset policy (the last update was in February 2011 and a new update is scheduled for September 2012) as well as improvements on the asset management intranet. Verification missions from Headquarters are not considered cost efficient at this time. Therefore, UNFPA intends to utilize the services of local consultants, as it did in 2011, in order to verify the accuracy of submissions made by country offices.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

659. **In paragraph 116, the Board further recommended that UNFPA perform regular physical verification of assets to ensure the accuracy and completeness of asset registers.**

660. UNFPA policy requires an annual physical verification to be completed by each country office. Through the certification letter, each representative certifies that such a physical verification took place and that reconciliation with Atlas records was effected. UNFPA has received 100 per cent of certification letters in 2012. Verification missions from Headquarters are not considered cost efficient at this time. Therefore, UNFPA intends to utilize the services of local consultants, as it did in 2011, in order to verify the accuracy of submissions made by country offices.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	High
Target date:	First quarter of 2013

661. **In paragraph 120, the Board reiterated its previous recommendation that UNFPA disclose in the financial statements the value of unused expendable property at the end of the financial period in order to improve transparency,**

accountability and financial reporting, and in preparation for the implementation of IPSAS.

662. Further to the discussion with the Board of Auditors on recognition of inventory in 2010-2011 and with effect from 2010, UNFPA has agreed not to disclose the closing inventory balance as of 31 December 2011. However, the opening balance as of 1 January 2012 and the closing balance as of 31 December 2012 will be reflected in the annual IPSAS-compliant financial statements for 2012.

Department responsible:	Division for Management Services
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

663. **In paragraph 124, the Board reiterated its previous recommendation that UNFPA (a) address vacant positions, and (b) shorten the lead time for filling vacancies and ensure that it has sufficient resources to achieve its programme objectives.**

664. UNFPA has taken steps to reduce the lead time in filling vacancies with qualified candidates. It has expanded its outreach to potential applicants, among others, through outreach recruitment missions, the creation of rosters, the development of a new career website and the use of social media such as Facebook, Twitter and LinkedIn. UNFPA has also engaged the services of an external executive search firm to assist in identifying candidates for senior-level positions.

665. In UNFPA, the target recruitment time (from the closing of a vacancy announcement to an initial offer) is four months, or 120 days. In 2011, 134 vacancies were advertised by the Division for Human Resources and the average recruitment time was 3.4 months, which is well within the target recruitment time.

666. However, some posts remain extremely difficult to fill because of hardship conditions involved or the highly specialized nature of the work. UNFPA remains committed to maintaining the quality element of recruitment.

Department responsible:	Division for Human Resources
Status:	Implemented
Priority:	High
Target date:	Not applicable

667. **In paragraph 126, the Board further recommended that UNFPA expedite finalizing and action of its business plan to redesign some of the posts.**

668. This recommendation was made owing to a specific reference to vacant posts in the Eastern Europe and Central Asia Regional Office. UNFPA completed a review of the vacant posts and recommended some of them for redesign, which was approved. Recruitment is ongoing for the remaining vacant posts.

Department responsible:	Division for Human Resources
Status:	In progress
Priority:	High
Target date:	First quarter of 2013

669. **In paragraph 129, the Board recommended that UNFPA implement procedures that would require the preparation and review of payroll reconciliations, at least on a quarterly basis.**

670. The payroll function of UNFPA is outsourced to UNDP, which is responsible, among other things, for processing updates or changes to the payroll. UNDP performs three test payroll runs, validates the information before the final run, authorizes payroll and makes disbursements to UNFPA staff. The disbursements are then posted to the general ledger. However, the creation of UNFPA posts is strictly controlled by UNFPA headquarters and the payroll posting is subject to the segregation of duties.

671. Going forward, all data provided by UNDP will be reconciled against the general ledger at regular intervals. UNFPA is also taking measures to ensure that country office staffing and associated payroll are subject to review by a senior official of the respective country office. In addition, UNFPA is renegotiating the service-level agreement with UNDP concerning outsourcing of payroll. The revised agreement will have performance benchmarks for and greater clarity regarding the mutual responsibilities of UNDP and UNFPA.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	High
Target date:	First quarter of 2013

672. **In paragraph 133, the Board reiterated its previous recommendation that UNFPA maintain accurate and complete leave records.**

673. A number of measures have been taken to address leave management, including roll-out of the Atlas absence management module for all international staff and all General Service staff at Headquarters; issuance of self-learning and step-by-step guides on how to manage absences in Atlas; issuance of an absence management policy that formalizes the process of absence management; provision of user training on absence management in Atlas for all operations managers; roll-out of eServices, which is an employee self-service for various benefits and entitlements, including an online leave application/approval module; present webinars on the use of eServices modules; and provision of one-on-one support to absence processors and managers.

Department responsible:	Division for Human Resources
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

674. **In paragraph 134, the Board further recommended that UNFPA expedite the process of reconciling the manual leave balance and the system balance to ensure accurate and complete leave balances for IPSAS opening balances.**

675. UNFPA is pleased to inform the Board of Auditors that it has taken proactive measures to ensure complete leave balances for IPSAS opening balances, including requesting organizational unit managers to certify that Atlas annual leave balances

for their staff as of 31 December 2011 agree with their manual records. Where differences were identified, reconciliation was required and the signed certification was forwarded to the UNFPA IPSAS team. UNFPA is ensuring that the opening adjustment is recorded as an opening balance adjustment rather than an in-year adjustment. In June 2012, organizational unit managers were reminded to ensure that the differences identified during the reconciliation exercise are entered into Atlas by mid-July 2012 in order to effect the necessary adjustments. In addition, a query in Atlas was designed to identify unusual leave patterns that are then followed up individually.

Department responsible:	Division for Human Resources
Status:	In progress
Priority:	High
Target date:	Third quarter of 2012

676. **In paragraph 144, the Board recommended that the UNFPA Division for Oversight Services expedite the process of filling the vacant posts.**

677. The market for positions in the Division for Oversight Services, such as auditors and investigators, is highly competitive. As explained above in relation to the Board's recommendation in paragraph 124, UNFPA has taken steps to expand its outreach to potential applicants, among others, through outreach recruitment missions, the use of rosters and headhunting strategies. All of these efforts are aimed at reducing the lead time in filling vacancies.

Department responsible:	Division for Human Resources/Division for Oversight Services
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2013

678. **In paragraph 147, the Board considered that the findings of the Division for Oversight Services reflect deficiencies in the areas concerned and the Board underscores the need for UNFPA to address those deficiencies.**

679. Reference should be made to the management responses above relating to the recommendations in paragraphs 83 and 84 of the Board's report for the biennium ended 31 December 2011.

Department responsible:	Office of the Executive Director
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

B. Implementation of the recommendations contained in the reports of the Board of Auditors for prior financial periods

680. In annex I to its report for the biennium ended 31 December 2011 (A/67/5/Add.7, chap. II), the Board provided a summary of the status of

implementation of outstanding recommendations from previous financial periods. The overall situation as of July 2012 regarding the 29 outstanding recommendations assessed as "partially implemented" and/or "not implemented" by the Board is summarized in table 26. The information on prior recommendations is set out in the order in which they are presented in annex I.

Table 26
Status of implementation of recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the biennium ended 31 December 2011

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Country office	1	–	1	–	–	–
Division for Management Services	13	–	3	10	10	–
Division for Human Resources	6	–	2	4	4	–
Information and External Relations Division	1	1	–	–	–	–
Procurement Services Branch	4	–	–	4	4	–
Multiple offices	4	–	1	3	3	
Total	**29**	**1**	**7**	**21**	**21**	–
Percentage	**100**	**3**	**25**	**72**		

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681. **In paragraph 49, UNFPA agreed with the Board's reiterated recommendation to follow up with UNDP to (a) clear all long-outstanding amounts (debits and credits) from staff education grants and (b) regularly reconcile the account to comply with paragraph 11 of information circular ST/IC/2002/5.**

682. Reference should be made to the management response above relating to the recommendation in paragraph 33, parts (a) and (b), in the Board's report for the biennium ended 31 December 2011.

Department responsible: Division for Human Resources

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

683. **In paragraph 50, UNFPA agreed with the Board's recommendation, in conjunction with UNDP, to consider a revision to the separation processes to**

[22] A/65/5/Add.7, chap. II.

ensure that outstanding education grants are recovered from staff prior to separation.

684. Reference should be made to the management response above relating to the recommendation in paragraph 33, parts (a) and (b), in the Board's report for the biennium ended 31 December 2011.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

685. **In paragraph 53, UNFPA agreed with the Board's recommendation to (a) review its process with Global Payroll Services to ensure timely recovery of staff advances through payroll deductions and (b) assess the payroll system (Atlas) to ensure that it is correctly configured to recover advances.**

686. Reference should be made to the management response above relating to the recommendation in paragraph 33, parts (a) and (b), in the Board's report for the biennium ended 31 December 2011.

Department responsible:	Division for Human Resources
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

687. **In paragraph 58, UNFPA agreed with the Board's recommendation to implement procedures for the monitoring and follow-up of accounts payable that would include an age analysis for all accounts payable.**

688. UNFPA has implemented procedures that facilitate the ageing and monitoring of accounts payable.

Department responsible:	Division for Management Services
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

689. **In paragraph 65, UNFPA Nigeria agreed with the Board's recommendation to (a) address the misclassifications of expenditure line items, (b) review the remaining expenditures incurred to ensure all classifications are correct for the biennium and (c) implement control procedures to ensure that expenditure items are posted to the correct general ledger accounts.**

690. The Nigeria country office committed to the following: (a) perform a review of the financial year 2009 expenditure; (b) periodically review the general ledger expenditure; and (c) ensure that correct account numbers are reflected on the requisitions and disbursement vouchers. Reference should also be made to the management comments above relating to the recommendation in paragraph 30 in the Board's report for the biennium ended 31 December 2011.

Department responsible:	Nigeria country office/Division for Management Services
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

691. **In paragraph 68, UNFPA agreed with the Board's recommendation to follow up with donors to ensure that available donor funds are utilized for programme implementation, or paid back to donors in a timely manner.**

692. Reference should be made to the management response above relating to the recommendation in paragraph 39 in the Board's report for the biennium ended 31 December 2011.

Department responsible:	Information and External Relations Division
Status:	Not accepted
Priority:	Medium
Target date:	Not applicable

693. **In paragraph 90, UNFPA agreed with the Board's recommendation to take appropriate measures to ensure the validity, accuracy and completeness of the data used in the computation of all post-retirement and end-of-service liabilities in the future financial periods by ensuring that the information pertains to the correct reporting period.**

694. The quantification of the long-term employee benefit liabilities was based on census data extracted as of November 2011.

Department responsible:	Division for Management Services
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

695. **In paragraph 114, UNFPA agreed with the Board's recommendation, in conjunction with UNDP, to ensure that payments made to staff through the payroll are reflected in staff advances in the general ledger in a timely manner.**

696. The travel submodule that is used to issue staff advances is reconciled with the general ledger on a periodic basis. The issue of staff advances related to education grants is addressed in the context of the recommendation in paragraph 33 of the Board's report for the biennium ended 31 December 2011.

Department responsible:	Division for Management Services
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

697. **In paragraph 116, UNFPA Nigeria agreed with the Board's recommendation to (a) ensure that petty cash is replenished in a timely manner,**

(b) comply with UNFPA policies and procedures with regard to maintenance of supporting documents relating to petty cash, which could be by way of declaration by the expending official, and (c) ensure that petty cash counts are performed on a regular basis, in accordance with UNFPA financial accountability reporting.

698. The Nigeria country office replenishes the petty cash and performs monthly counts and regular spot-checks in a timely manner. The Division for Management Services regularly issues guidance on the management of petty cash in the context of the annual accounts closure instructions.

Department responsible:	Division for Management Services/Nigeria country office
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

699. **In paragraph 197, UNFPA agreed with the Board's reiterated recommendation to take steps to follow up on long-outstanding operating fund advances in a timely manner and to ensure that funds advanced are utilized for their intended purposes.**

700. Reference should be made to the management response above relating to the recommendation in paragraph 74 in the Board's report for the biennium ended 31 December 2011.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

701. **In paragraph 198, UNFPA agreed with the Board's recommendation to consider reallocating credit balances in operating funds and advances to accounts payable.**

702. Reference should be made to the management response above relating to the recommendation in paragraph 75 in the Board's report for the biennium ended 31 December 2011.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

703. **In paragraph 215, UNFPA Nigeria agreed with the Board's recommendation to comply with rule 114.4 (c) of the UNFPA Financial Regulations and Rules with regard to payments made with no obligating documents.**

704. UNFPA headquarters is closely coordinating with the Nigeria country office to address these matters. A new representative has also been identified, who could help to ensure continuous and diligent follow up.

Department responsible:	Division for Management Services and Nigeria country office
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

705. **In paragraph 232, UNFPA agreed with the Board's recommendation to comply with its policies and procedures regarding the evaluation of vendor performance.**

706. UNFPA has been conducting vendor performance evaluations of contraceptives suppliers since 2008. A new web-based vendor performance evaluation tool was launched that still requires further technical modification. In the meantime, the unit concerned continues to conduct vendor evaluation and ensures that all UNFPA buyers are entered into the supplier evaluation data in the tool. The web-based vendor performance evaluation tool will be relaunched by the end of 2012.

Department responsible:	Procurement Services Branch
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

707. **In paragraph 251, UNFPA Nigeria agreed with the Board's recommendation to (a) comply with the requirements of the UNFPA asset management policy with regard to the bidding process and the award of bids for disposal of UNFPA assets, and (b) review the cases of disposals that were not consistent with UNFPA policies and procedures.**

708. This recommendation refers to the decentralized procurement conducted by a country office on disposal of obsolete assets.

Department responsible:	Nigeria country office
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

709. **In paragraph 256, UNFPA agreed with the Board's recommendation to continue to take steps to ensure that all country offices submit asset certifications in a timely manner in compliance with the UNFPA asset management policy.**

710. **In paragraph 262, UNFPA agreed with the Board's recommendation to update the asset management module in Atlas with the correct location information for each asset in compliance with the asset management policy.**

711. With regard to the recommendations in paragraphs 256 and 262 above, reference should be made to the management comments relating to the

recommendations in paragraphs 25, 115 and 116 in the Board's report for the biennium ended 31 December 2011.

Department responsible: Division for Management Services

Status: In progress

Priority: High

Target date: Fourth quarter of 2012

712. **In paragraph 267, UNFPA agreed with the Board's recommendation to (a) implement procedures to reconcile or update the asset register with the results of its inventory count procedures and (b) address the weaknesses in its inventory count procedures.**

713. **In paragraph 273, UNFPA agreed with the Board's reiterated recommendation to regularly update the status of assets in the asset register and identify obsolete items and assets not in use.**

714. **In paragraph 281, UNFPA agreed with the Board's reiterated recommendation to appropriately record all assets that the organization has title to in the assets register, as required by the policies and procedures.**

715. UNFPA is currently working on implementing an online asset certification course that will be launched in September 2012. The course needs to be completed by each staff member concerned with asset management before the end of the year. UNFPA guidance to field offices is updated and improved continuously through improvements in the asset policy (the last update took place in February 2011 and a new update is scheduled for September 2012) and the asset management intranet.

Department responsible: Division for Management Services

Status: In progress

Priority: High

Target date: Fourth quarter of 2012

716. **In paragraph 290, UNFPA agreed with the Board's reiterated recommendation to capitalize the value of Global Contraceptive Commodity Programme stocks in its financial statements.**

717. **In paragraph 291, UNFPA agreed with the Board's recommendation to consider the inclusion in the financial statements of the value of expendable property held by UNFPA in all locations.**

718. Under the United Nations system accounting standards, UNFPA discloses the value of inventory only in the notes to the financial statements. IPSAS will require a full disclosure of the opening and closing inventory values, together with the value of additions and issuances during the financial period.

Department responsible: Division for Management Services

Status: In progress

Priority: High

Target date: First quarter of 2013

719. **In paragraph 296, UNFPA agreed with the Board's reiterated recommendation to address vacant positions.**

720. **In paragraph 300, UNFPA agreed with the Board's reiterated recommendation to address and shorten the lead time for filling vacancies and ensure that it has sufficient resources to achieve its programme objectives.**

721. Reference should be made to the UNFPA comments above relating to the recommendations in paragraphs 124 and 126 in the Board's report for the biennium ended 31 December 2011.

Department responsible:	Division for Human Resources
Status:	Implemented
Priority:	High
Target date:	Not applicable

722. **In paragraph 309, UNFPA agreed with the Board's recommendation to (a) take steps to ensure that leave transactions for international staff based in the country offices are recorded in the system and (b) implement procedures/processes to enable it to accurately compute the leave pay provision in its financial statements.**

723. **In paragraph 313, UNFPA agreed with the Board's reiterated recommendation to improve its recording of attendance and leave.**

724. **In paragraph 314, UNFPA agreed with the Board's further reiterated recommendation to ensure that country offices maintain accurate and complete leave records.**

725. In response to the recommendations on leave management in paragraphs 309, 313 and 314, reference should be made to the management responses above relating to recommendations in paragraphs 133 and 134 in the Board's report for the biennium ended 31 December 2011.

Department responsible:	Division for Human Resources
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

726. **In paragraph 346, the UNFPA Procurement Services Section agreed with the Board's recommendation to continue to follow up long-outstanding fund balances and liquidate them in a timely manner either by actual implementation of the programmed activities or, if this is not feasible, by refund to the institution that contributed the funds.**

727. UNFPA took action during 2010-2011 and contacted all donors of long-outstanding balances for third-party procurement activities. In a number of cases, further procurement activities were agreed with the donors that were either implemented or will be implemented by the end of 2012.

Department responsible: Procurement Services Branch

Status: In progress

Priority: High

Target date: Fourth quarter of 2012

728. **In paragraph 370, the UNFPA Procurement Services Section agreed with the Board's recommendation to comply with UNFPA procurement policies with regard to bidding procedures.**

729. The Procurement Services Branch is in the process of implementing newly enhanced procurement procedures, training and use of community of practice in order to further mitigate the risk of policies and procedures not being followed.

Department responsible: Procurement Services Branch

Status: In progress

Priority: High

Target date: Fourth quarter of 2012

730. **In paragraph 379, the UNFPA Procurement Services Section agreed with the Board's reiterated recommendation that it continue to advise suppliers and requisitioners of the importance of utilizing the online tracking system effectively, in monitoring the status of order lead times, quality of goods delivered and evaluating suppliers, while the online tracking system is still in use.**

731. The Procurement Services Branch continues to stress the importance of the use of the online tracking system in solicitation documents, long-term agreements and other communications with suppliers. It also recommends use of the system in country office training material and other communications with country offices. The Procurement Services Branch is working on correcting the technical issues of the online tracking system.

Department responsible: Procurement Services Branch

Status: In progress

Priority: High

Target date: Fourth quarter of 2012

XI. United Nations Human Settlements Programme

A. Implementation of the recommendations contained in the report of the Board of Auditors for the biennium ended 31 December 2011[23]

732. The status of implementation of the main recommendations as of July 2012 is summarized in table 27.

[23] A/67/5/Add.8, chap. II.

Table 27
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Office of the Executive Director	2	–	1	1	1	–
Office of Management	5	–	–	5	5	–
Total	**7**	**–**	**1**	**6**	**6**	**–**
Percentage	**100**	**–**	**14**	**86**		

733. The status of implementation of all recommendations as of July 2012 is summarized in table 28.

Table 28
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Office of the Executive Director	3	–	1	2	2	–
Office of Management	13	–	1	12	12	–
Total	**16**	**–**	**2**	**14**	**14**	**–**
Percentage	**100**	**–**	**13**	**87**		

734. **In paragraph 24, the United Nations Human Settlements Programme (UN-Habitat) agreed with the Board's recommendation that it review the costs and benefits of introducing procedures to mitigate exchange rate risks and losses. In coordination with the United Nations Office at Nairobi, and subject to guidance from United Nations Headquarters, this could include commercially available solutions.**

735. UN-Habitat initiated early discussions with the United Nations Office at Nairobi on the feasibility and benefits of introducing procedures to mitigate exchange rate risks and losses. It will seek the guidance of the Treasury at United Nations Headquarters regarding the use of commercially available solutions.

Department responsible: Office of Management

Status: In progress

Priority: High

Target date: Fourth quarter of 2012

736. **In paragraph 29, UN-Habitat agreed with the Board's recommendation that it request the United Nations Office at Nairobi to enhance the disclosures within its future financial statements by inserting a footnote to statement I stating the value of negative entries caused by the cancellation of obligations created in previous periods for projects that remain ongoing.**

737. UN-Habitat will enhance th. disclosure, with assistance from the United Nations Office at Nairobi.

Department responsible: Office of Management

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

738. **In paragraph 36, the Board reiterated its previous recommendation that UN-Habitat set up specific arrangements to fund its liabilities for end-of-service and post-retirement benefits, for consideration and approval by its Governing Council and the General Assembly.**

739. UN-Habitat will seek guidance from United Nations Headquarters and, depending upon the advice received, may seek relevant authorization of the General Assembly and its Governing Council.

Department responsible: Office of Management

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

740. **In paragraph 39, UN-Habitat agreed with the Board's recommendation that UN-Habitat and the United Nations Office at Nairobi investigate all unsupported balances within its ledgers and take steps to cleanse the ledgers of these balances through appropriate write-offs.**

741. UN-Habitat, with assistance from the United Nations Office at Nairobi, is reviewing the balances concerned for completeness and validity, otherwise adequate write-off procedures will have to be applied, including obtaining proper authorizations.

Department responsible: Office of Management

Status: In progress

Priority: High

Target date: Fourth quarter of 2012

742. **In paragraph 42, UN-Habitat agreed with the Board's recommendation that UN-Habitat, with the United Nations Office at Nairobi, strengthen the controls for the capture and recording of its assets, ascertaining the reasons why assets with a combined purchase cost of $1.88 million were omitted from its asset registers during the biennium and taking steps to address accounting and control weaknesses.**

743. UN-Habitat is revalidating its opening balances of all assets as of 1 January 2012. Particular focus will be on the adjusted balance of $1.88 million with a view to strengthening controls over the assets.

Department responsible: Office of Management

Status: In progress

Priority: High

Target date: Fourth quarter of 2012

744. **In paragraph 45, UN-Habitat agreed with the Board's recommendation that it establish a simple organization-wide risk management approach, building on its initial work and existing reporting arrangements, and aligned with recent United Nations Headquarters developments during 2012.**

745. UN-Habitat is updating its risk register and is coordinating its approach to risk management with that of United Nations Headquarters.

Department responsible: Office of Management

Status: In progress

Priority: Medium

Target date: First quarter of 2013

746. **In paragraph 51, UN-Habitat agreed with the Board's recommendation that it (a) require requisitioners to channel through the Procurement Section all procurement requirements that fall under the procurement delegation of the United Nations Office at Nairobi, so that only the Procurement Section of that Office creates commitments to vendors, (b) review reports on its use of waivers and ex post facto approvals, to assure itself that their use is justified, and (c) where there is evidence that a waiver or ex post facto was not appropriate, take action to prevent it happening in future.**

747. UN-Habitat accepted part (a) of the recommendation, provided the UN-Habitat offices away from headquarters can initiate and process procurement requisitions, based on an appropriate delegation of authority.

Department responsible: Office of Management

Status: In progress

Priority: Medium

Target date: Third quarter of 2012

748. **In paragraph 57, UN-Habitat agreed with the Board's recommendation that UN-Habitat and the United Nations Office at Nairobi agree on a detailed and costed delivery plan that covers all aspects of IPSAS implementation, setting out the key milestones to be achieved from the present time until the delivery of the first set of IPSAS-compliant financial statements in 2014.**

749. UN-Habitat and UNEP have agreed to jointly fund additional IPSAS dedicated staff at the United Nations Office at Nairobi. UNEP has already put in place 19 of its staff to work with the joint IPSAS focal groups, including the United Nations system-wide IPSAS project led by the United Nations System Chief Executives Board for Coordination, and will continue to monitor progress.

Department responsible: Office of Management

Status: In progress

Priority: High

Target date: Fourth quarter of 2012

750. **In paragraph 59, UN-Habitat agreed with the Board's recommendation that it clarify its plan for funding its implementation of IPSAS.**

751. Reference should be made to the management response above relating to the recommendation in paragraph 58 in the Board's report for the biennium ended 31 December 2011.

Department responsible: Office of Management

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

752. **In paragraph 63, UN-Habitat agreed with the Board's recommendation that it (a) urgently develop a detailed plan for implementation of changes necessary to allow programme development and performance management to be aligned to its new strategic themes, including timescales, milestones for the implementation of key changes, details of performance reporting arrangements and likely resource implications, and (b) communicate the plan to staff so they understand the changes and in turn communicate effectively with stakeholders.**

753. A detailed annual workplan, aligned with the transition, has been developed to implement the biennial work programme 2012-2013 as approved by the General Assembly during 2012 and has been communicated to staff.

Department responsible: Office of the Executive Director

Status: Implemented

Priority: High

Target date: Not applicable

754. **In paragraph 68, UN-Habitat agreed with the Board's recommendation that it enhance its performance reports by December 2012 to include (a) an assessment of actual against expected expenditure at both project and programme levels, and (b) an explanation of variances in terms of both utilization rates and performance against targets.**

755. UN-Habitat is developing its internal performance reporting. The matter of financial performance assessment against budget and forecast on a monthly basis is under review. On behalf of UN-Habitat, UNEP is developing a project accrual and accountability system to facilitate performance reporting.

Department responsible: Office of Management

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

756. **In paragraph 69, UN-Habitat also agreed with the Board's recommendation that it (a) verify that evidence to support reported performance is robust and (b) given the number of activities that support its reported performance, consider adopting a sample-based verification process.**

Department responsible:	Office of Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

757. **In paragraph 70, UN-Habitat further agreed with the Board's recommendation that, when developing its new strategic plan, UN-Habitat make better use of existing data to set robust, realistic and measurable performance indicators that are sufficiently challenging and minimize the need for detailed explanation for stakeholders.**

Department responsible:	Office of Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

758. **In paragraph 74, UN-Habitat agreed with the Board's recommendation that it urgently share with United Nations Headquarters its proposal and specifications for a project accounting and accruals system, to determine whether and how it should be integrated with Umoja.**

759. In June 2012, UN-Habitat submitted for formal review and approval its proposal and specifications for the project accrual and accountability system that also provided specification regarding the integration with IMIS and Umoja.

Department responsible:	Office of Management
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

760. **In paragraph 77, UN-Habitat agreed with the Board's recommendation that its Senior Management Committee regularly review, at least every six months, performance and progress against the biennial work programme and budget, documenting its review and the actions to be taken.**

761. Senior management is reviewing the performance and progress against the UN-Habitat biennial work programme and budget. The formal minutes of the meetings are now taken to support and demonstrate the review process and follow-up actions taken, as deemed necessary.

Department responsible:	Office of the Executive Director
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

762. **In paragraph 81, UN-Habitat agreed with the Board's recommendation that it determine the best way to both gather and disseminate learning from project evaluations.**

763. An evaluation policy, including the gathering and dissemination of lessons learned, is being reviewed for final approval.

Department responsible:	Office of the Executive Director
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

B. Implementation of the recommendations contained in the reports of the Board of Auditors for the prior financial periods

764. In the annex to its report for the biennium ended 31 December 2011 (A/67/5/Add.8, chap. II), the Board provided a summary of the status of implementation of outstanding recommendations from previous financial periods. The overall situation as of July 2012 regarding the nine outstanding recommendations assessed as "partially implemented" and/or "not implemented" by the Board is summarized in table 29. The information on prior recommendations is set out in the order in which they are presented in the annex.

Table 29
Status of implementation of recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the biennium ended 31 December 2011

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or overtaken by events*	*In progress*	*Target date set*	*No target date*
Office of Management	9	–	4	5	5	–
Total	**9**	–	**4**	**5**	**5**	–
Percentage	**100**	–	**44**	**56**		

Report of the Board for the financial period ended 2009[24]

765. **In paragraph 32, UN-Habitat agreed with the Board's recommendation that it take advantage of the installation of the new enterprise resource planning system to set up indicators to permanently monitor its liquidity levels.**

766. UN-Habitat shared this recommendation with the United Nations Office at Nairobi for the consideration of the Umoja team at United Nations Headquarters. Meanwhile, UN-Habitat receives monthly financial accounts, including liquidity levels, and intends to produce more detailed information from the project accrual and accountability system until such time as it becomes available on a newly adopted Umoja system.

[24] A/65/5/Add.8, chap. II.

Department responsible:	Office of Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2015

767. **In paragraph 39, the Board recommended that UN-Habitat (a) continue to prepare the implementation of IPSAS in collaboration with the United Nations Office at Nairobi and (b) specify its needs for the migration of the Crystal software to the future enterprise resource planning system of the Secretariat (Umoja).**

768. UN-Habitat continues to rely on the Crystal reports and the project accrual and accountability system to be able to analyse management information data until such time as the newly adopted Umoja system is capable of producing equivalent or similar reports.

Department responsible:	Office of Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2015

769. **In paragraph 64, the Board recommended that UN-Habitat, together with the United Nations Administration at Headquarters, revise its accounting treatment of education grants.**

770. UN-Habitat will follow the United Nations system accounting standards until the adoption of the new IPSAS-compliant system-wide approved and adopted policy comes into force. UN-Habitat has been advised that United Nations Headquarters is looking for the adoption of a new policy on education grants when IPSAS is implemented in 2014.

Department responsible:	Office of Management
Status:	Overtaken by events
Priority:	Medium
Target date:	Not applicable

771. **In paragraph 75, the Board reiterated its previous recommendation that UN-Habitat develop a funding plan for end-of-service liabilities for consideration and approval by its Governing Council.**

772. This recommendation was reiterated by the Board in its current report (A/67/5/Add.8, para. 36). As indicated above, UN-Habitat will seek guidance from United Nations Headquarters and, depending upon the advice received, may seek relevant authorization of the General Assembly and its Governing Council.

Department responsible:	Office of Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

773. **In paragraph 91, the Board recommended that UN-Habitat consider revising its policy on the valuation of leave liability in its implementation of IPSAS.**

774. UN-Habitat follows the United Nations system accounting standards and its approach is consistent with that of United Nations Headquarters.

Department responsible:	Office of Management
Status:	Overtaken by events
Priority:	Medium
Target date:	Not applicable

775. **In paragraph 96, UN-Habitat agreed with the Board's recommendation that it ensure that all indicators of achievement are supported by documentary evidence.**

776. The Board's recommendation in paragraph 69 of its report for the biennium ended 31 December 2011 (A/67/5/Add.8) addresses the matter of the verification process.

Department responsible:	Office of Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

777. **In paragraph 116, the Board recommended that UN-Habitat, in liaison with the United Nations Office at Nairobi (a) add a required field in the IMIS system so that the relevant contract number can be entered for goods and services orders associated with a particular contract, and (b) keep the contract management database up-to-date.**

778. United Nations Headquarters, as the owner of IMIS, has put all developments on IMIS on hold owing to the expected implementation of the enterprise resource planning system (Umoja). With regard to the contract management database, the United Nations Office at Nairobi, on behalf of UN-Habitat, keeps the database current, as mentioned by the auditors.

Department responsible:	Office of Management
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

779. **In paragraph 123, UN-Habitat agreed with the Board's recommendation that it extend the inventory management system to the liaison and outposted offices.**

780. The system could not be deployed earlier owing to technical limitations. This state of affairs was resolved in July 2012 and UN-Habitat, in liaison with the United Nations Office at Nairobi, will deploy the system to regional offices by the end of 2012.

Department responsible:	Office of Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

781. **In paragraph 137, UN-Habitat agreed with the Board's recommendation that, in coordination with the United Nations Office at Nairobi, it (a) take advantage of the upcoming implementation of the new enterprise resource planning system to eliminate journal voucher entries and (b) strengthen internal control over journal voucher entries and the access rights to make them.**

782. UN-Habitat shared part (a) of this recommendation with the United Nations Office at Nairobi for the consideration of the United Nations Headquarters Umoja team. With regard to internal control over journal voucher entries, the Office conducts relevant monthly quality reviews on behalf of UN-Habitat.

Department responsible:	Office of Management
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

XII. United Nations Office on Drugs and Crime: Fund of the United Nations International Drug Control Programme and Fund of the United Nations Crime Prevention and Criminal Justice Programme

A. Implementation of the recommendations contained in the report of the Board of Auditors for the biennium ended 31 December 2011[25]

783. The status of implementation of the main recommendations as of July 2012 is summarized in table 30.

[25] A/67/5/Add.9, chap. II.

Table 30
Status of implementation of main recommendations

Division responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Division for Operations	1	–	–	1	1	–
Division for Policy Analysis and Public Affairs	1	–	–	1	1	–
Division for Management and Division for Operations	2	–	–	2	2	–
Division for Operations and Division for Policy Analysis and Public Affairs	2	–	–	2	2	–
Division for Operations, Division for Treaty Affairs and Division for Policy Analysis and Public Affairs	1	–	–	1	1	–
Total	**7**	**–**	**–**	**7**	**7**	**–**
Percentage	**100**	**–**	**–**	**100**		

784. The status of implementation of all recommendations as of July 2012 is summarized in table 31.

Table 31
Status of implementation of all recommendations

Division responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Division for Management	11	–	1	10	11	–
Division for Policy Analysis and Public Affairs	2	–	–	2	2	–
Division for Operations	5	–	–	5	5	–
Office of the Executive Director (Independent Evaluation Unit)	2	–	–	2	2	–
Division for Operations and Office of the Executive Director (Independent Evaluation Unit)	1	–	–	1	1	–
Division for Management and Division for Operations	3	–	–	3	3	–
Division for Operations and Division for Policy Analysis and Public Affairs	2	–	–	2	2	–
Division for Operations, Division for Treaty Affairs, Division for Policy Analysis and Public Affairs	3	–	–	3	3	–
Total	**29**	**–**	**1**	**28**	**29**	**–**
Percentage	**100**		**3**	**97**		

785. **In paragraph 12, the United Nations Office on Drugs and Crime (UNODC) accepted the Board's new recommendation that it revise its financial rules to formally approve revisions of the biennial budget for general-purpose funds at the meeting of its governing bodies, usually held in the first quarter of the second year of the biennium. The Board suggests that this revision to the financial rules be undertaken at the same time that UNODC revises its Financial Regulations and Rules in the context of IPSAS implementation.**

786. UNODC acknowledged that the current financial rules do not require the approval of the revised budget. However, it agreed that the requisite revision can be carried out within the context of all revisions that will be compulsory in the implementation of IPSAS.

Department responsible:	Division for Management
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2014

787. **In paragraph 15, to provide a complete picture of the UNODC accounts, the Board reiterated part of its previous recommendation that UNODC prepare financial statements that include the balances of UNODC regular budget contributions in its financial statements for the biennium 2012-2013.**

788. UNODC will implement the recommendation in the preparation of the financial statements for the biennium 2012-2013, in line with the IPSAS framework.

Department responsible:	Division for Management
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2014

789. **In paragraph 23, UNODC agreed with the Board's recommendation that it review its cash holdings with a view to minimizing the amounts on hand. This can be achieved by seeking ways to accelerate programme implementation in a controlled manner and by better matching contributions with realistic deployment schedules.**

790. The field office delivery report for 2011 shows that the implementation rate for all regions was 92 per cent. Regardless, UNODC recognizes that excess balances have been built up. Management will assess its cash forecasting methods to tie them closer to delivery. The recommendation is related to the recommendation in paragraph 50 and UNODC will ensure that the review of cash levels and investments is conducted.

Department responsible:	Division for Operations
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2014

791. **In paragraph 26, UNODC agreed with the Board's recommendation that it (a) require regional representatives to provide evidenced monthly and year-end scrutiny of the financial returns, including obligations, from all country offices in the regions and (b) institute a mechanism requiring senior field office management to review and sign monthly payroll reconciliations (of expected payments to staff against actual payments).**

792. The UNODC Financial Resources Management Service initiated a request to the Information Technology Service to generate monthly reports that will require sign-off for payroll verification and asset register by the end of 2012. The Division for Operations will ensure overall review of the returns and full compliance by field offices.

Department responsible:	Division for Operations
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2014

793. **In paragraph 27, UNODC also agreed with the Board's recommendations that it (a) strengthen financial management oversight and review in field offices, (b) evaluate the administrative structure within each regional office to ensure that the financial function is proportional to the size and programme in that office, and (c) implement system changes to aid segregation of duties within the regional office finance teams by the end of 2012.**

794. Interdivisional review assignments have already commenced and will continue periodically. Wherever possible, such assignments will provide oversight recommendations. Regional offices will be required to evaluate the size and effectiveness of their administrative structures and to strengthen them within the programme review cycles. System changes to improve segregation of duties will be implemented by the end of 2012.

Department responsible:	Division for Operations/Division for Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

795. **In paragraph 29, UNODC agreed with the Board's recommendation to implement a consistent organizational approach to risk management planning.**

796. The implementation of the recommendation will require interdivisional coordination among all UNODC divisions. A team will undergo training with an expert on risks and mitigation measures, and a risk assessment template will be developed. The final objective is to have the template approved and applied consistently within UNODC.

Department responsible:	Division for Operations
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

797. **In paragraph 33, UNODC agreed with the Board's recommendation that it review and strengthen its finance structure within targeted regional and field offices to promote full compliance with all procedures.**

798. The governing internal control framework was reiterated during the meeting of field representatives, held in June 2012. Compliance as a requirement in parallel to delivery has also been stressed. Additional actions with a view to implementation are to follow. The Division for Operations will ensure full compliance by the field offices.

Department responsible:	Division for Operations
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

799. **In paragraph 36, UNODC agreed with the Board's recommendation that it (a) update and circulate its guidance on handling advance daily subsistence allowance payments for disbursement, and issue regular reminders to all staff, and (b) implement spot checks to foster a culture of full compliance in all UNODC offices.**

800. A "message of the day", with guidelines and instructions on the handling of daily subsistence allowance, is to be issued in September 2012. Reviews, follow-ups and spot checks are already in place and implemented.

Department responsible:	Division for Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

801. **In paragraph 38, UNODC agreed with the Board's recommendation that it account for donations consistently and in accordance with United Nations regulations and rules, and that any deviations from the regulations be properly recorded and justified at the point of receipt of the pledge.**

Department responsible:	Division for Policy Analysis and Public Affairs
Status:	In progress
Priority:	High
Target date:	Third quarter of 2012

802. **In paragraph 39, UNODC also agreed with the Board's recommendation that it circulate, to all staff, improved guidance and instructions on income, including the clearance process, to remind them of the criterion for recognizing income.**

803. A "message of the day" will be prepared and issued upon the finalization of the revised clearance procedures. A guidance note on the revised clearance process will be uploaded in the electronic Programme and Operations Manual of UNODC.

Department responsible: Division for Policy Analysis and Public Affairs

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

804. **In paragraph 42, UNODC agreed with the Board's recommendation that it record all information vital to its work within the system and make it available for multi-user purposes, with appropriate and complete cross-references to other documents and documentation of its professional judgements. UNODC should also set out a strategy defining the parameters of a plan to retain such documents and information relating to major processes.**

805. UNODC continues to streamline and strengthen efforts to gather relevant information in the areas of income (recognition and recording) and assets.

Department responsible: Division for Management

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

806. **In paragraph 46, UNODC agreed with the Board's reiterated recommendation to develop, in consultation with United Nations Headquarters, a comprehensive and effective solution to the funding of future commitments to its staff.**

807. UNODC continues to liaise with United Nations Headquarters on a common Organization-wide policy for funding future commitments to its staff. A draft paper will be presented to the UNODC Executive Committee and to the Office of Programme Planning Budget and Accounts of the Secretariat, and implemented by December 2012.

Department responsible: Division for Management

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

808. **In paragraph 50, UNODC agreed with the Board's recommendation that it review the levels of cash and investments that it holds on a monthly basis, analyse its cash flow and aid the review of programme and project implementation.**

809. The implementation of this recommendation relates in part to the implementation of the Board's recommendation in paragraph 23. UNODC will ensure that the review of cash levels and investments is conducted and, to that end, UNODC will liaise with the United Nations Headquarters Treasury.

Department responsible: Division for Management

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

810. **In paragraph 53, UNODC agreed with the Board's recommendation that it (a) fully cleanse its non-expendable property asset registers, (b) list all separately identifiable assets on the register, (c) include in handover documents the roles and responsibilities of UNODC and the beneficiary, (d) update the field office inventory record to reflect the instances where inventory has been written off by the Property Survey Board and (e) attach handover documents to the field office inventory record.**

811. At UNODC headquarters, the physical count and completeness and existence review of the assets registers for non-expendable property will be conducted in September and October 2012. As part of the preparation for IPSAS implementation, changes in the asset registers in field offices have been initiated by the Financial Resources Management Service. Relevant instructions will be issued to the field offices.

Department responsible:	Division for Management/Division for Operations
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2013

812. **In paragraph 57, UNODC agreed with the Board's recommendation that it (a) enhance the field office inventory database so as to capture the costs directly attributable to bringing assets into use and (b) cleanse the field office inventory data so that the purchase cost and other costs, such as delivery and handling, are captured for existing assets.**

813. Relevant instructions will be issued to field offices and followed up to ensure compliance and on-time implementation.

Department responsible:	Division for Operations
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2013

814. **In paragraph 59, UNODC agreed with the Board's recommendation that it (a) cleanse and update the inventory registers to include all relevant information, such as serial and model numbers, and (b) tag assets without unique reference numbers, such as furniture, with a field office inventory reference number.**

815. At UNODC headquarters, the physical inventory is scheduled to take place in September and October 2012. Relevant instructions will be issued to field offices and followed up to ensure compliance and on-time implementation.

Department responsible:	Division for Management/Division for Operations
Status:	In progress
Priority:	High
Target date:	Second quarter of 2013

816. **In paragraph 62, UNODC and the United Nations Office at Vienna agreed with the Board's recommendation that all procurement delegations be brought up to date and clearly communicated to relevant staff.**

817. The delegation of authority for procurement has been updated as of April 2012, which the Board acknowledged in its report.

Department responsible:	Division for Management
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

818. **In paragraph 67, UNODC and the United Nations Office at Vienna agreed with the Board's recommendation that it enhance its procurement performance data by defining its information needs and implementing enhancements to systems.**

819. The Procurement Section of the United Nations Office at Vienna/UNODC is currently able to report on the caseload by nature and value of requests by originating section, including field offices, as well as on waivers and ex post facto cases. The complexity of cases will be defined by the scope of the terms of reference in each case and by the anticipated delivery date. The support of the Information Technology Service has been sought to make it possible to categorize the complexity of cases and to monitor the time taken for the procurement to be finalized against the agreed dates in the source selection plans.

Department responsible:	Division for Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

820. **In paragraph 70, UNODC and the United Nations Office at Vienna agreed with the Board's recommendation that they communicate urgently to all requisitioners, and on a regular basis thereafter, as necessary, the importance of timely commencement and completion of procurement processes so as to facilitate effective competition and avoid unnecessary expenditure.**

821. The contracts database is a work in progress and continuous improvements are being made. The Procurement Section of the United Nations Office at Vienna/UNODC is currently improving its contracts database to send automated notifications six months prior to the expiry date of a contract. Although the clear segregation of duties is stipulated in the Procurement Manual, the Procurement Section routinely sends courtesy reminders to requisitioning departments, indicating that a contract is approaching an expiry date and informing them to raise a requisition (should there be a continuous requirement for the service) to facilitate the necessary procurement action. The Procurement Section also reminds substantive offices to complete the vendor performance report and submit the completed form so that the Section can assess vendor performance. The report is used to consider the extension of a contract and/or the issuance of bidding documents.

Department responsible:	Division for Management
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

822. **In paragraph 72, UNODC agreed with the Board's recommendation that it (a) discuss with United Nations Headquarters whether adequate resource allocations and funding will be made available to UNODC, and (b) revise its local IPSAS implementation plan in the light of progress to date.**

823. UNODC is seeking funding from both extrabudgetary and central funds. Recruitment of additional staff should commence shortly. The local IPSAS implementation plan will be revised accordingly.

Department responsible:	Division for Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

824. **In paragraph 76, UNODC agreed with the Board's recommendation that it set out how the success of the new approach to strategic planning and budgeting would be measured and include an assessment of the cost of implementation.**

825. The independent evaluation of the integrated programming approach started in June 2012. The purpose is to assess the degree to which the objectives set for integrated programming have been attained, and its relevance, efficiency, effectiveness and sustainability. The report is currently being drafted and will be circulated for comments in the fourth quarter of 2012. The report will be finalized by the end of 2012, its findings will be presented at the reconvened session of the Governing Bodies and the final results will be shared and presented at the sessions of the Governing Bodies in 2013.

Department responsible:	Office of the Executive Director/Division for Operations
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

826. **In paragraph 79, UNODC agreed with the Board's recommendation that, when each strategic document is updated, it clearly align (a) the aims and objectives set out in the documents, and (b) the timing of preparation of future strategies and supporting documents, including the thematic programmes.**

827. As mentioned in the report, UNODC has produced a note on strategic alignment, which clearly requires the alignment of strategic documents. All new regional/country and thematic programmes are reviewed to ensure that they conform to the note.

Department responsible:	Division for Policy Analysis and Public Affairs/ Division for Treaty Affairs/Division for Operations
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

828. **In paragraph 87, the Board recommended that, when updating each of its regional programmes, UNODC (a) specify a realistic and achievable set of priorities for the period of each programme, (b) establish robust, realistic and measurable performance indicators, (c) identify a manageable number of key performance indicators balanced between outcome and output indicators, and (d) clearly link individual project performance indicators to the indicators set out in its strategic framework so as to allow the aggregation of the indicators and provide senior management with a clear assessment of progress against its strategic objectives.**

829. The UNODC Strategic Planning Unit is working on developing standard indicators for all subprogrammes. In addition, the Division for Operations has commenced the external evaluation of its regional programmes. The regional programme evaluations will assist in addressing the issues raised in the recommendation. These issues will be given due consideration in the revision of existing regional programmes and in the preparation of new ones.

Department responsible:	Division for Policy Analysis and Public Affairs/ Division for Operations
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

830. **In paragraph 90, UNODC agreed with the Board's recommendation that it establish, by December 2012, a mechanism for reporting, both internally and to external stakeholders, progress on the implementation of the regional programmes.**

831. The UNODC Strategic Planning Unit has begun discussions on programme reporting through the Programme Review Committee, which is the central corporate body responsible for programme planning and reviews.

Department responsible:	Division for Policy Analysis and Public Affairs/ Division for Operations
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

832. **In paragraph 93, UNODC agreed with the Board's recommendation that, by September 2012, all new project proposals (a) clearly and succinctly define the problem that the project is intended to address, (b) establish a clear baseline against which to assess delivery, or provide a clear explanation of how the baseline will be established, and (c) identify and document the material**

risks and mitigating actions, including setting aside an element of contingency within project budgets, to address unknown risks.

833. With regard to parts (a) and (b) of the recommendation, UNODC completed the revision of the template (July 2012) and guidelines for project design to reflect additional requirements, as recommended by the Board. The new guidelines, which have been made part of the UNODC Programme and Operations Manual, also reflect instructions and requirements for the establishment of baseline and risk mitigation actions. UNODC managers ensure compliance with these revised guidelines for all newly developed projects. As to part (c) of the recommendation, UNODC has started the development of a corporate risk mitigation methodology.

Department responsible:	Division for Operations/Division for Treaty Affairs/Division for Policy Analysis and Public Affairs
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

834. **In paragraph 96, the Board recommended that, by December 2012, UNODC (a) capture summary progress information on projects and programmes against milestones agreed at the beginning of the project or programme as part of its central monitoring process and (b) monitor spending against a realistic forward profile of expected expenditure.**

835. The Programme Review Committee, as the central corporate body responsible for programme planning, discusses annual reviews of regional and thematic programmes, which provide summary progress information. UNODC has developed an online progress report system that is conducive to better reporting. It takes into consideration specific indicators and targets, as reflected in a project's original/revision documents. Progress reports are going to be connected to an automated log-frame system that is currently being developed. The system will be linked to expenditure, thereby ensuring more comprehensive monitoring and reporting.

Department responsible:	Division for Operations/Division for Treaty Affairs/Division for Policy Analysis and Public Affairs
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

836. **In paragraph 100, UNODC agreed with the Board's recommendation that, by mid-2012, it (a) coordinate the computer application improvement projects being undertaken by the Finance Section, the Strategic Planning Unit and the Independent Evaluation Unit, and (b) implement the changes necessary to address the performance reporting limitations in its information technology systems, taking account of current developments in those sections and of the dashboard tool of the Regional Centre for East Asia and the Pacific, and the management reporting system of the Country Office for Pakistan.**

837. A cross-divisional team will be established to coordinate and implement the information technology improvement projects.

Department responsible:	Division for Management
Status:	In progress
Priority:	Medium
Target date:	Third quarter of 2012

838. **In paragraph 105, the Board recommended that UNODC (a) establish a detailed methodology for evaluating the regional programme for East Asia and the Pacific, (b) use the experience to inform the methodology for the remaining regional programmes and (c) complete the evaluations in time to inform future regional programme development.**

839. The methodology for evaluating regional programmes does not deviate from any other in-depth evaluation. The evaluation of the regional programme for East Asia and the Pacific is planned for September and October 2012. The Independent Evaluation Unit will use the experience to further improve upon the evaluation methodology for the other regional programmes.

Department responsible:	Office of the Executive Director
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

840. **In paragraph 111, the Board recommended that in 2012 UNODC (a) determine how best to regularly collate and analyse project evaluation reports in order to identify and disseminate lessons or recurring problems (b) allocate responsibility for implementing any necessary improvements to the relevant sections and (c) determine the most effective and efficient way to coordinate and manage budgets for evaluations.**

841. An evaluation portal, including a search function for evaluation reports, recommendations and lessons learned, is being developed. The Independent Evaluation Unit has undertaken steps to further develop a culture of evaluation within UNODC, including the development of an evaluation culture road map that will be shared throughout the Organization. The road map will include roles and responsibilities for various groups of stakeholders. It will assign specific tasks to the following groups: the Independent Evaluation Unit; internal stakeholders at both the headquarters and the field office levels; and external stakeholders, such as Member States and implementing partners. The Independent Evaluation Unit ensures the allocation of necessary provisions for evaluations, as consultation with and clearance by the Unit is now mandatory for all projects (also known as direct project approval).

Department responsible:	Office of the Executive Director
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2013

B. Implementation of the recommendations contained in the reports of the Board of Auditors for prior financial periods

842. In the annex to its report for the biennium ended 31 December 2011 (A/67/5/Add.9, chap. II), the Board provided a summary of the status of implementation of outstanding recommendations from previous financial periods. The overall situation as of July 2012 regarding the eight outstanding recommendations assessed as "partially implemented" and/or "not implemented" by the Board is summarized in table 32. The information on prior recommendations is set out in the order in which they are presented in the annex.

Table 32
Status of implementation of recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the biennium ended 31 December 2011

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Office of the Executive Director (with all divisions within UNODC)	1	–	–	1	1	–
Division for Management	7	–	–	7	6	1
Total	**8**	**–**	**–**	**8**	**7**	**1**
Percentage	**100**			**100**		

Report of the Board for the financial period ended 2009[26]

843. **In paragraph 32, the Board recommended that UNODC draw up an analysis of its needs and the risks posed by the migration and necessary update of its information technology systems, People Soft, ProFi and FOML, during implementation of the new United Nations enterprise resource planning system.**

844. While UNODC agrees that the migration to Umoja carries inherent risks and requires planning and controlled execution, it reiterates that such an undertaking must be coordinated at the United Nations Headquarters level. The Umoja implementation strategy includes plans for the identification, analysis and migration of a significant number of systems, stand-alone applications and reporting modules currently in use throughout the Secretariat.

845. UNODC understands that a detailed migration plan will be proposed by Umoja when the design is completed and the roll-out sequence is firmed up. At that time, UNODC will have a better idea about the exact sequence of system decommissioning and the data migration steps. UNODC is of the opinion that the global migration strategy approach described earlier has an advantage over one that would rely on multiples of local and uncoordinated initiatives. The approach has also been endorsed by the General Assembly.

[26] A/65/5/Add.9, chap. II.

Department responsible:	Division for Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2015

846. **In paragraph 39, the Board recommended that UNODC (a) revise the title of its financial statements and the notes thereto to reflect that their scope is limited to the voluntary-funded activities, and (b) consider preparing financial statements that include the activities funded by the regular budget of the United Nations.**

847. UNODC did not accept part (a) of the prior recommendation in paragraph 39, as the scope of its financial statements was already indicated in the cover page of the financial statements and in the letter of transmittal signed by the Executive Director of UNODC, and covers the Fund of the United Nations International Drug Control Programme and the Fund of the United Nations Crime Prevention and Criminal Justice Programme. In this context, the scope of the financial statements submitted to the Board of Auditors includes the two voluntary-funded activities and excludes activities funded by the regular budget.

848. Part (b) of the Board's prior recommendation was reiterated in paragraph 15 of the current report of the Board for the financial period ended 31 December 2011. UNODC will implement the recommendation during the biennium 2012-2013, taking into account the provisions of the IPSAS framework.

Department responsible:	Division for Management
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2014

849. **In paragraph 66, the Board reiterated its previous recommendation that UNODC develop a funding plan for end-of-service and post-retirement liabilities, notably for after-service health insurance coverage.**

850. UNODC is a programme of the United Nations Secretariat and its voluntary funds, the Fund of the United Nations International Drug Control Programme and the Fund of the United Nations Crime Prevention and Criminal Justice Programme, both United Nations trust funds. In this regard, the mechanism for the funding of after-service health insurance and other end-of-service liabilities must be governed by consistent United Nations Headquarters-initiated system-wide policies and procedures. UNODC, however, will liaise with United Nations Headquarters on a common Organization-wide policy for funding these liabilities.

Department responsible:	Division for Management
Status:	In progress
Priority:	Medium
Target date:	Third quarter of 2014

851. **In paragraph 75, UNODC agreed with the Board's recommendation to revise its policy for the valuation of leave liability when implementing IPSAS.**

852. As acknowledged by the Board in paragraph 17 of its report on UNODC financial statements for the biennium ended 31 December 2011, the implementation of this recommendation is expected to be completed by the end of 2013.

Department responsible: Division for Management

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2014

853. **In paragraph 112, UNODC agreed with the Board's recommendation to resolve the discrepancies between advances for its own balances and those of UNDP records.**

854. UNODC continues to liaise with UNDP and it is expected that the agreement with UNDP to write off prior year reconciling items will be completed by the end of 2012.

Department responsible: Division for Management

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

855. **In paragraph 117, UNODC agreed with the Board's reiterated recommendation to draw up and implement formalized and traceable internal control procedures to guarantee the reliability of information given on the total value of property in service at the end of the period.**

856. A draft inventory management policy is currently being revised to reflect changing needs and required inventory controls. The new draft will be submitted to the Director, Division for Management, for the relevant review and approval.

Department responsible: Division for Management

Status: In progress

Priority: High

Target date: Fourth quarter of 2012

857. **In paragraph 118, UNODC also agreed with the Board's reiterated recommendation to implement an inventory process that is in compliance with the expectations of the controlling bodies and compliant with administrative instruction ST/AI/2003/5.**

858. Upon the relevant approval, record-keeping will be aligned with the provisions of the newly adopted policy.

Department responsible: Division for Management

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

859. **In paragraph 136, the Board emphasized the need for UNODC to address the matters identified by the Office of Internal Oversight Services.**

860. The Board was referring to a recommendation of the Office of Internal Oversight Services issued during the audit of the UNODC HIV/AIDS programme. The Office of Internal Oversight Services recommended that UNODC revise Secretary-General's bulletin ST/SGB/2004/6 to incorporate all its activities at the global, regional and country levels that are aimed at reducing the spread of HIV/AIDS among injecting drug users, in prison settings and among individuals vulnerable to human trafficking.

861. A revision of Secretary-General's bulletin ST/SGB/2004/6 is being considered through the UNODC change management process, which is being carried out in the current biennium, and takes into account all divisions, sections and units. This process will also take into account and address the Secretary-General's change management proposal for the rationalization of departmental functions and structures in 2012, which calls for a review of the mandates in the Secretary-General's bulletins establishing the substantive functions of each department, office or commission, in working groups that ensure coverage across each pillar.

Department responsible:	Office of the Executive Director
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

XIII. United Nations Office for Project Services

A. Implementation of the recommendations contained in the report of the Board of Auditors for the biennium ended 31 December 2011[27]

862. The status of implementation of the main recommendations as of July 2012 is summarized in table 33.

Table 33
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Finance Practice Group	4	–	2	2	2	–
Project Management Practice Group	3	–	1	2	2	–
Procurement Practice Group	1	–	–	1	1	–
Corporate Performance and Management Group	1	–	1	–	–	–
Total	**9**	–	**4**	**5**	**5**	–
Percentage	**100**	–	**44**	**56**		

[27] A/67/5/Add.10, chap. II.

863. The status of implementation of all recommendations as of July 2012 is summarized in table 34.

Table 34
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Finance Practice Group	8	–	3	5	5	–
Project Management Practice Group	5	–	2	3	3	–
Procurement Practice Group	2	–	–	2	2	–
Human Resources Practice Group	2	–	–	2	2	–
Corporate Performance and Management Group	1	–	1	–	–	–
Corporate Support Group	2	–	–	2	2	–
Total	**20**	**–**	**6**	**14**	**14**	**–**
Percentage	**100**	**–**	**30**	**70**		

864. **In paragraph 30, the United Nations Office for Project Services (UNOPS) agreed with the Board's recommendation that it (a) establish a mechanism to separately identify and monitor projects that are implemented in terms of its advance funding policy so as to enable it to adequately manage the associated risks and (b) record a receivable in its financial statements in relation to projects implemented that are without the funding in place.**

865. UNOPS has the ability to identify the advance financing provided on behalf of its partners for project implementation activities. As suggested by the Board, this is currently being recorded as accounts receivable in the financial statements in relation to projects implemented that are without the funding in place.

Department responsible: Finance Practice Group

Status: Implemented

Priority: High

Target date: Not applicable

866. **In paragraph 32, UNOPS agreed with the Board's recommendation that it (a) implement controls, supported by adequate reports, to monitor projects that are managed at an award level (group basis) to prevent overexpenditure on projects and (b) record a receivable to reflect projects that have spent more than the available funding.**

867. UNOPS reports on its activities on a project-by-project basis rather than at fund (client) level. It will record a relevant receivable balance for each project that incurred more expenditure than the available funding, subject to a possible appropriate impairment of such receivables.

Department responsible: Finance Practice Group

Status: Implemented

Priority: High

Target date: Not applicable

868. **In paragraph 43, UNOPS agreed with the Board's recommendation that it incorporate a formal risk-based review of proposed projects before projects are accepted and implemented.**

869. UNOPS duly implemented processes and controls to address the issues identified by the Board by launching a new project management workspace incorporating project risk profiles that flags items requiring high-level review and authorization.

Department responsible: Project Management Practice Group

Status: Implemented

Priority: High

Target date: Not applicable

870. **In paragraph 48, the Board reiterated its previous recommendation that UNOPS (a) draw lessons from its existing projects and consider measures to enable it to close projects in time, and (b) address the backlog of projects that need closure.**

871. UNOPS acknowledges the importance of on-time project closure and has taken a proactive approach to increase the speed, quality and accountability of both the operational and financial stages. During the biennium 2010-2011, UNOPS closed more than 500 old projects. Furthermore, during the fourth quarter of 2011, UNOPS developed the capability to calculate interest on project funds without the usual dependence on UNDP, a process which in the past had led to certain delays in the financial closure of projects. The increase in UNOPS autonomy will accelerate the financial closure of projects in future.

Department responsible: Project Management Practice Group

Status: In progress

Priority: Medium

Target date: First quarter of 2013

872. **In paragraph 49, UNOPS agreed with the Board's recommendation that it monitor the status of projects on a regular basis in order to ensure that information is accurately reflected in Atlas.**

873. UNOPS has already implemented processes and controls to monitor the status of projects in Atlas through the leads system, project closure tool and new management workspace.

Department responsible: Project Management Practice Group

Status: Implemented

Priority: Medium

Target date: Not applicable

874. **In paragraph 53, the Board recommended that UNOPS strengthen its oversight role over the Democratic Republic of the Congo Operations Centre to address the operational challenges affecting its projects in a timely manner.**

875. UNOPS strengthened its controls by implementing a quarterly online assurance process for every project, which will address issues of data quality, delivery, project time, cost and quality. The quarterly assurance process will provide the appropriate level of oversight and control to address operational challenges in a timely manner.

Department responsible:	Project Management Practice Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

876. **In paragraph 54, the Board also recommended that UNOPS consider the adequacy of its oversight of and the support provided to centres operating in high-risk environments.**

877. Reference should be made to the management comments above relating to the recommendation in paragraph 53 of the Board's report for the biennium ended 31 December 2011.

Department responsible:	Project Management Practice Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

878. **In paragraph 62, UNOPS agreed with the Board's reiterated recommendation that it resolve the dispute over inter-fund differences in its accounts with UNDP.**

879. Under the guidance of the United Nations Office of Legal Affairs, UNOPS and UNDP have agreed to a mechanism whereby their respective responsibilities for disputed balances will be determined by a panel of independent experts in the form of recommendations to the management of the two organizations. The terms of reference for this mechanism are currently being finalized.

Department responsible:	Finance Practice Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

880. **In paragraph 64, UNOPS agreed with the Board's recommendation that it (a) strengthen its project monitoring controls relating to management service agreements in order to detect system coding errors and other errors in a timely manner and (b) obtain confirmation of outstanding amounts from UNDP before closure of its accounts to ensure that reconciling items are detected.**

881. UNOPS is in the process of enhancing appropriate controls to prevent errors in the coding and reporting of inter-fund transactions to UNDP. Furthermore,

appropriate additional mitigating controls will be put in place to ensure that errors are detected in a timely manner. UNOPS will also obtain reconciliation confirmation of inter-fund amounts before the 2012 accounts are finalized.

Department responsible:	Finance Practice Group
Status:	In progress
Priority:	High
Target date:	First quarter of 2013

882. **In paragraph 71, UNOPS agreed with the Board's recommendation that it review the process for the preparation of the financial statements to ensure that the gaps identified by the Board are addressed.**

883. Under IPSAS, UNOPS will ensure that account balances are correctly classified and disclosed separately between impairment of accounts receivable and provisions for liabilities.

Department responsible:	Finance Practice Group
Status:	In progress
Priority:	High
Target date:	First quarter of 2013

884. **In paragraph 77, the Board recommended that UNOPS develop adequate strategies to address the areas that require attention in its implementation of IPSAS.**

885. UNOPS adopted IPSAS as of 1 January 2012 and has migrated all its fixed assets into its enterprise resource planning system (Atlas) after completing the necessary configurations and customizations. The conclusion to successfully implementing IPSAS will now depend on the outcome of finalizing the UNOPS first IPSAS-compliant year-end 2012 financial statements.

Department responsible:	Finance Practice Group
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2013

886. **In paragraph 83, UNOPS agreed with the Board's recommendation that it fully recognize and provide for its end-of-service liabilities in its implementation of IPSAS.**

887. Since its implementation of IPSAS on 1 January 2012, UNOPS has recognized and fully accrued for all its end-of-service liabilities.

Department responsible:	Finance Practice Group
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

888. **In paragraph 88, the Board reiterated its previous recommendation that UNOPS consider revising its policy for the valuation of the annual leave liability in its implementation of IPSAS.**

889. UNOPS selection of policies for the valuation of the annual leave liability is based on United Nations system-wide decisions. As such, UNOPS will continue to consult with United Nations Headquarters and United Nations agencies to duly harmonize its accounting policy for annual leave liabilities in line with the other respective agencies.

Department responsible:	Finance Practice Group
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2013

890. **In paragraph 94, UNOPS agreed with the Board's recommendation that it review the design, monitoring and implementation of its results-based-budgeting process and instruments to ensure that the organizations and business units are accountable for specific results and the resources used to deliver them.**

891. In the context of the 2012-2013 budget estimates submission, UNOPS reviewed and enhanced the design of its management results framework. Furthermore, it used the midterm review of its strategic plan to conduct an extensive review of all relevant performance indicators, associated targets and results from the strategic plan, as well as its budget estimates for 2010-2011 and 2012-2013 (including additional performance indicators established through internal target agreements) in order to ensure the pertinence of managers' accountability for results.

Department responsible:	Corporate Performance and Management Group
Status:	Implemented
Priority:	High
Target date:	Not applicable

892. **In paragraph 99, UNOPS agreed with the Board's recommendation that it (a) maintain adequate central records of cases of exception approved by the local contract and procurement committees, and (b) monitor, analyse and report at least annually to senior management on trends in the submission of such cases in order to determine whether they reflect underlying problems in the procurement function.**

893. UNOPS is increasingly vigilant in this area and is taking appropriate measures to implement the recommendation.

Department responsible:	Procurement Practice Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

894. **In paragraph 100, UNOPS agreed with the Board's recommendation that it implement procedures to review purchase orders in order to identify split purchase orders.**

895. UNOPS is closely monitoring the matter and taking appropriate measures, when needed, to implement the recommendation.

Department responsible:	Procurement Practice Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

896. **In paragraph 107, UNOPS agreed with the Board's recommendation that it (a) address the discrepancies in its asset registers to ensure that it is able to accurately account for its asset inventory and prepare accurate opening balances for IPSAS purposes, and (b) address the inconsistencies in the asset inventory certification process.**

897. UNOPS has adequately addressed the discrepancies noted in its asset registers and will communicate clear IPSAS-sensible instructions on asset certification and physical verification processes to its field offices. These instructions will be made available on the intranet for ease of access to all personnel involved.

Department responsible:	Corporate Support Group
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

898. **In paragraph 112, the Board recommended that UNOPS improve its controls on leave management by ensuring that (a) all leave taken is approved and recorded in the system and is supported by adequate documentation, and (c) leave records reviewed and reconciled on a regular basis.**

899. In addition to reconciling its leave records, the Human Resources Practice Group is confirming each and every leave balance with the field offices to ensure that all such records are accurate and complete.

Department responsible:	Human Resources Practice Group
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

900. **In paragraph 114, the Board recommended that UNOPS (a) perform monthly validation checks on its payroll to ensure its completeness and accuracy, and (b) monitor and review all terminations to ensure that employees are removed from the payroll once they have separated from the organization.**

901. UNOPS has increased its monitoring of this area and is taking appropriate measures to implement the recommendation.

Department responsible: Human Resources Practice Group

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

902. **In paragraph 118, the Board reiterated its previous recommendation that UNOPS implement a formal disaster recovery and business continuity plan that encompasses all types of disastrous events that would impact both information systems processes and end user functions.**

903. UNOPS is in the process of implementing disaster recovery and business continuity plans for the four operations centres and regional offices.

Department responsible: Corporate Support Group

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

B. Implementation of the recommendations contained in the report of the Board of Auditors for prior financial periods

904. In annex I to its report for the biennium ended 31 December 2011 (A/67/5/Add.10, chap. II), the Board provided a summary of the status of implementation of outstanding recommendations from previous financial periods. The overall situation as of July 2012 regarding the 11 outstanding recommendations assessed as "partially implemented" by the Board is summarized in table 35. The information on prior recommendations is set out in the order in which they are presented in annex I.

Table 35
Status of implementation of recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the biennium ended 31 December 2011

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Finance Practice	6	–	1	5	5	–
Project Management	2	–	–	2	2	–
Corporate Support	3	–	–	3	3	–
Total	**11**	**–**	**1**	**10**	**10**	**–**
Percentage	**100**	**–**	**9**	**91**		

Report of the Board for the financial period ended 2009[28]

905. **In paragraph 64, UNOPS agreed with the Board's recommendation to implement controls and reports to differentiate accurately between project receivable and payable balances and project balances that represent overexpenditure.**

906. Reference should be made to the management comments above relating to the recommendations in paragraphs 30 and 32 of the Board's report for the biennium ended 31 December 2011.

Department responsible:	Finance Practice Group
Status:	Implemented
Priority:	High
Target date:	Not applicable

907. **In paragraph 83, UNOPS agreed with the Board's recommendation to resolve the disputed inter-fund differences in its accounts with UNDP.**

908. Reference should be made to the management comments above relating to the recommendation in paragraph 62 of the Board's report for the biennium ended 31 December 2011.

Department responsible:	Finance Practice Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

909. **In paragraph 86, UNOPS agreed with the Board's recommendation that it (a) follow up on the rejected project expenditures and make appropriate accounting entries, (b) improve the validation of information captured on its system to ensure that the incidents of rejection are minimized and (c) consider alternate arrangements with UNDP to further improve the acceptance rate.**

910. UNOPS continues to reconcile project expenditure with UNDP on a quarterly basis. In 2009, it developed a project expenditure validation system to detect possible rejections and correct data prior to its submission to UNDP. This system has helped to reduce the rejection rate to below 1 per cent. In addition, UNOPS is in the process of implementing more advanced controls to ensure proper accounts postings of project expenditure.

Department responsible:	Finance Practice Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

911. **In paragraph 91, UNOPS agreed with the Board's recommendation that it (a) continue to follow up on the unreconciled inter-fund differences in its**

[28] A/65/5/Add.10, chap. II.

accounts and (b) engage with the relevant United Nations agencies in order to resolve old inter-fund differences.

912. UNOPS made a submission to its Headquarters Contracts and Property Committee for write-off of inter-fund receivables in the amount of $1.3 million, originated from the biennium 2006-2007 and prior periods owing to unsuccessful recovery efforts. As a result, a full provision for the same amount has been made. Currently, to assist with the reconciliation exercise, any transactions with other United Nations agencies are on a cash transfers basis only.

Department responsible:	Finance Practice Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

913. **In paragraph 111, UNOPS agreed with the Board's recommendation that it consider a revision of its policy for the valuation of annual leave liability in its implementation of IPSAS.**

914. Reference should be made to the management comments above relating to the recommendation in paragraph 88 of the Board's report for the biennium ended 31 December 2011.

Department responsible:	Finance Practice Group
Status:	In progress
Priority:	High
Target date:	Second quarter of 2013

915. **In paragraph 122, UNOPS agreed with the Board's recommendation that it develop a funding plan for the end-of-service liabilities.**

916. UNOPS has invested and set funds aside for all end-of-service liabilities to enable it to fully meet its obligations as and when they arise. However, the Board recommended that specific investments be set aside, hence a formal funding plan will be implemented to meet the IPSAS requirement on end-of-service liabilities.

Department responsible:	Finance Practice Group
Status:	In progress
Priority:	High
Target date:	Second quarter of 2013

917. **In paragraph 178, UNOPS agreed with the Board's reiterated recommendation that the Peru Operations Centre analyse all currently listed projects and identify projects that need to be closed.**

918. Reference should be made to the management comments above relating to the recommendation in paragraph 48 of the Board's report for the biennium ended 31 December 2011.

Department responsible:	Project Management Practice Group
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2013

919. **In paragraph 185, the Africa Regional Office and the Senegal Operations Centre agreed with the Board's reiterated recommendation to take further steps (a) to ensure that the status of projects is regularly monitored and accurately reflected in Atlas, and (b) to urgently complete the project closure exercise.**

920. Reference should be made to the management comments above relating to the recommendation in paragraph 49 of the Board's report for the biennium ended 31 December 2011.

Department responsible:	Project Management Practice Group
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

921. **In paragraph 293, UNOPS also agreed with the Board's recommendation that it (a) address the discrepancies noted in its asset records and financial statements for the biennium 2008-2009, and (b) review all asset registers to ensure that other similar discrepancies are not detected.**

922. In addition to the management comments above relating to the recommendation in paragraph 107 of the Board's report for the biennium ended 31 December 2011, UNOPS correctly reflected the value of its assets in the financial statements for the biennium 2010-2011. It conducts annual reviews and physical verification of all its assets to ensure that they are correctly stated. UNOPS will continue to review its asset records to ensure that further discrepancies, if any, are corrected.

Department responsible:	Corporate Support Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

923. **In paragraph 312, UNOPS agreed with the Board's recommendation that it implement controls to enable project managers to better control assets purchased with project funds, (b) investigate the circumstances around the use of project funds to purchase the fixtures and (c) where applicable, return the funds to the project and reverse the revenue recognized on the transactions.**

924. In December 2011, project assets policies and procedures were developed and communicated. UNOPS Administrative Instruction AI/EO/2011/02 on management of assets was promulgated as part of implementing IPSAS. In July 2012, UNOPS completed its physical verification of all UNOPS project assets around the world. On the basis of this physical verification, UNOPS is now in the process of updating its policies to enhance the control of project assets.

Department responsible: Corporate Support Group

Status: In progress

Priority: High

Target date: Fourth quarter of 2012

925. **In paragraph 359, UNOPS agreed with the Board's recommendation to implement a formal disaster recovery and business continuity plan that encompasses all types of disastrous events that would impact both information systems processes and end user functions.**

926. Reference should be made to the management comments above relating to the recommendation in paragraph 118 of the Board's report for the biennium ended 31 December 2011.

Department responsible: Corporate Support Group

Status: In progress

Priority: High

Target date: Fourth quarter of 2012

XIV. International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994

A. Implementation of the recommendations contained in the report of the Board of Auditors for the biennium ended 31 December 2011[29]

927. The status of implementation of the main recommendations as of July 2012 is summarized in table 36.

Table 36
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Registry	5	–	–	5	5	–
Total	**5**	–	–	**5**	**5**	–
Percentage	**100**			**100**		

[29] A/67/5/Add.11, chap. II.

928. The status of implementation of all recommendations as of July 2012 is summarized in table 37.

Table 37
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Chambers	1	–	1	–	–	–
Registry	9	–	–	9	9	–
Total	**10**	–	**1**	**9**	**9**	–
Percentage	**100**	–	**10**	**90**		

929. **In paragraph 20, the Board recommended that the International Criminal Tribunal for Rwanda expedite its preparations, proactively identify its need for the implementation of IPSAS and communicate with the Headquarters IPSAS implementation team to better prepare the implementation of IPSAS.**

930. In conformity with the advice and guidance received from the IPSAS project team based in New York, a project plan and project team have been established to ensure that the Tribunal will be in a position to issue IPSAS-compliant financial statements for 2014.

Department responsible: Registry

Status: In progress

Priority: High

Target date: Fourth quarter of 2012

931. **In paragraph 25, the Tribunal concurred with the Board's recommendation that it continue to work closely with the Registrar of the Mechanism to make every effort to accelerate the process of lateral transfers and recruitment through the approved procedures.**

932. The Tribunal will ensure that the staffing requirements are met in a timely manner.

Department responsible: Registry

Status: In progress

Priority: High

Target date: Fourth quarter of 2012

933. **In paragraph 29, the Board recommended that the Tribunal develop an action plan to guide the process for its orderly closure, including but not limited to issues to be addressed and the milestones, risks and benefits regarding the closure.**

934. The Tribunal continues to actively prepare for its closure and all sections have been tasked with preparing a completion plan for their work, in line with the overall completion strategy.

Department responsible: Registry

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

935. **In paragraph 34, the Tribunal concurred with the Board's recommendations that it (a) clearly state the parameters of the data regarding cases and set out the number of cases excluded from the analysis contained in the reports on the completion strategy, along with a clear rationale for their exclusion, and (b) revise the incorrect number of days between transfer of the accused and delivery of trial judgement in its next report.**

936. All provisions of the Board's recommendation were addressed in the letter by the President of the International Criminal Tribunal for Rwanda dated 22 May 2012 (S/2012/349).

Department responsible: Chambers

Status: Implemented

Priority: Medium

Target date: Not applicable

937. **In paragraph 37, the Tribunal concurred with the Board's recommendation that it review its budget formulation and expenditure management system to ensure that overexpenditure is minimized and approval of redeployment is obtained from Headquarters.**

938. In the light of the completion strategy, the Tribunal is constantly reviewing its systems to ensure that they are appropriate to the needs of the Organization, in particular to maintain strict control of expenditure in line with the relevant rules and regulations.

Department responsible: Registry

Status: In progress

Priority: High

Target date: Fourth quarter of 2013

939. **In paragraph 39, the Tribunal agreed with the Board's recommendation that it establish more realistic training budgets and more effective management and monitoring of training activity.**

940. In the light of the completion strategy and the need for remaining staff to become increasingly multifunctional, the Tribunal is constantly evaluating its training needs to help ensure a successful closure.

Department responsible: Registry

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

941. **In paragraph 43, the Tribunal agreed with the Board's recommendation that it comply with the requirement of the Financial Regulations and Rules of the United Nations to accurately record the refunds from previous bienniums as miscellaneous income.**

942. The necessary actions have been taken to ensure that transactions are properly recorded.

Department responsible:	Registry
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

943. **In paragraph 48, the Tribunal agreed with the Board's recommendation that (a) the agreement between the Tribunal and the travel agency be supplemented and signed in a timely manner and a tracking system established to monitor the accuracy and integrity of the refund from the agency, and (b) guidelines or standard operating procedures be established to reinforce the regularity of travel management.**

944. The relevant agreement has been updated and signed. A mechanism for monitoring refunds is being improved while standard operating procedures are being reviewed and enhanced, where applicable.

Department responsible:	Registry
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

945. **In paragraph 52, the Tribunal concurred with the Board's recommendation that it expedite the work on archive management to effect an orderly transfer to the Mechanism.**

946. A working group on archive management has been tasked with reviewing progress to date and ensuring a successful transition to the Mechanism.

Department responsible:	Registry
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

947. **In paragraph 55, the Tribunal concurred with the Board's recommendations that it (a) further strengthen the cooperation among relevant sections to expedite the process of write-off and decrease the accumulation of assets pending write-off, (b) as part of its completion strategy, continue to pay close attention to the timely and efficient disposal of written-off assets in order to ensure full compliance with the requirements of the Property Management Manual and (c) continue to actively search for the assets that had not yet been found and update the assets records accordingly.**

948. Significant progress was made in the previous biennium to enhance asset management operations and procedures, which will assist in the efficient and effective disposal of assets. In this regard, the Tribunal is establishing a comprehensive asset disposal plan as a key element of the completion strategy.

Department responsible: Registry

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2012

B. Implementation of the recommendations contained in the report of the Board of Auditors for the prior biennium

Table 38

Status of implementation of recommendation from the prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the biennium ended 31 December 2011

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Registry	1	–	–	1	1	–
Total	**1**	**–**	**–**	**1**	**1**	**–**
Percentage	**100**	**–**	**–**	**100**		

Report of the Board for the financial period ended 2009[30]

949. **In paragraph 92, the Tribunal agreed with the Board's recommendation that it conduct periodic testing of its disaster recovery and business continuity plan.**

950. Subsequent to the Board's recommendation, the Information Technology Services Section was subject to an information and communications technology governance audit by the Office of Internal Oversight Services. As a result, a number of recommendations were made to improve the Tribunal's disaster recovery and business continuity plan in line with Secretariat standards, taking into account the fact that the Tribunal is in the final stages of the completion of its mandate. A complete test of the plan is to be concluded.

Department responsible: Registry

Status: In progress

Priority: Medium

Target date: Third quarter of 2012

[30] A/65/5/Add.11, chap. II.

XV. International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

A. Implementation of the recommendations contained in the report of the Board of Auditors for the biennium ended 31 December 2011[31]

951. The status of implementation of the main recommendations as of July 2012 is summarized in table 39.

Table 39
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Division of Administration	4		1	3	3	
Registry	1		1			
Total	**5**		**2**	**3**	**3**	
Percentage	**100**		**40**	**60**		

952. The status of implementation of all recommendations as of July 2012 is summarized in table 40.

Table 40
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Division of Administration	5	–	2	3	3	–
Registry	1	–	1	–	–	–
Total	**6**	–	**3**	**3**	**3**	–
Percentage	**100**		**50**	**50**		

953. **In paragraph 20, the Board recommended that the International Tribunal for the Former Yugoslavia expedite its preparations, including the undertaking of a comprehensive review of its need for the implementation of IPSAS, and more proactively communicate with the Headquarters IPSAS implementation team so as to better prepare for the implementation of IPSAS.**

954. The Tribunal is a part of the United Nations Headquarters IPSAS implementation process for which a structured approach has been developed, including an initial assessment of the Tribunal's operations and the undertaking of regular monthly assessments of its readiness in terms of the status of the tasks to be

[31] A/67/5/Add.12, chap. II.

performed and the risks involved. On the basis of the progress achieved thus far, the Headquarters IPSAS team has determined that the Tribunal is on track in terms of IPSAS implementation.

Department responsible: Division of Administration

Status: Implemented

Priority: High

Target date: Not applicable

955. **In paragraph 23, the Board recommended that the Tribunal consolidate existing plans and reports associated with the closure of the Tribunal and the transition to the Residual Mechanism into a single comprehensive plan integrating all the elements needed to guide its orderly closure, including, but not limited to, the identification of tasks to be performed, milestones and the risks and benefits associated with the closure.**

Department responsible: Division of Administration

Status: In progress

Priority: High

Target date: Third quarter of 2013

956. **In paragraph 26, the Tribunal agreed with the Board's recommendation that it continue to ensure that trials and appeals are undertaken as expeditiously as possible, with due regard for the rights of the accused and due process.**

Department responsible: Chambers

Status: Implemented

Priority: High

Target date: Not applicable

957. **In paragraph 30, the Tribunal agreed with the Board's recommendation that the downsizing methodology to be applied at the time of the next budget should aim at abolishing all types of posts (including both temporary and general temporary assistance positions) rather than temporary posts only or general temporary assistance posts only.**

Department responsible: Division of Administration

Status: Implemented

Priority: Medium

Target date: Not applicable

958. **In paragraph 35, the Tribunal agreed with the Board's recommendation to (a) put in place procedures to resolve the matters identified through its physical verification exercises of non-expendable property, (b) update the database of non-expendable property in a timely manner and (c) ensure that all non-expendable property is properly labelled.**

Department responsible: Division of Administration

Status: In progress

Priority: High

Target date: First quarter of 2013

959. **In paragraph 40, the Tribunal agreed with the Board's recommendation to (a) develop an e-mail management policy to distinguish between business and private e-mails, (b) prepare a disaster recovery plan for physical records and (c) improve the management of vaults in order to enhance the management of the archives and records.**

Department responsible: Division of Administration

Status: In progress

Priority: High

Target date: First quarter of 2013

B. Implementation of the recommendations contained in the report of the Board of Auditors for prior financial periods

960. In the annex to its report for the financial period ended 31 December 2011 (A/67/5/Add.12, chap. II), the Board provided a summary of the status of implementation of outstanding recommendations from previous financial periods. The situation as of July 2012 regarding one outstanding recommendation assessed as "under implementation" by the Board is summarized in table 41.

Table 41

Status of implementation of the recommendation from a prior period considered not fully implemented in the annex to the report of the Board of Auditors for the biennium ended 31 December 2011

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Office of Internal Oversight Services	1		1			
Total	**1**		**1**			
Percentage	**100**		**100**			

Report of the Board for the financial period ended 2009[32]

961. **In paragraph 75, the Office of Internal Oversight Services agreed with the Board's recommendation that the vacant resident auditor post in the Tribunal be filled.**

962. The selection was made and the most successful candidate joined the audit team on 12 October 2011.

[32] A/65/5/Add.12, chap. II.

Department responsible:	Office of Internal Oversight Services
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

XVI. United Nations Entity for Gender Equality and the Empowerment of Women

Implementation of the recommendations contained in the report of the Board of Auditors for the year ended 31 December 2011[33]

963. The status of implementation of the main recommendations as of July 2012 is summarized in table 42.

Table 42
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Division of Management and Administration	15	–	–	15	14	1
Programme Support Division	1	–	–	1	1	–
Pacific Subregional Office	1	–	–	1	1	–
Executive Office	1	–	–	1	1	–
Office of Audit and Investigations	1	–	–	1	1	–
Multiple offices	2	–	–	2	1	1
Total	**21**	**–**	**–**	**21**	**19**	**2**
Percentage	**100**	**–**	**–**	**100**		

964. The status of implementation of all recommendations as of July 2012 is summarized in table 43.

[33] A/67/5/Add.13, chap. II.

Table 43
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Division of Management and Administration	19	–	–	19	17	2
Programme Support Division	3	–	–	3	2	1
Executive Office	1	–	–	1	1	–
Office of Audit and Investigations	1	–	–	1	1	–
Pacific Subregional Office	1	–	–	1	1	–
Multiple offices	3	–	–	3	2	1
Total	**28**	–	–	**28**	**24**	**4**
Percentage	**100**	–	–	**100**		

965. **In paragraph 28, the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) agreed with the Board's recommendation that it (a) revise its internal control frameworks and related policies and procedures to be in line with its Financial Regulations and Rules, (b) finalize and implement all its policies and procedures to adequately support its Financial Regulations and Rules, and (c) set specific timelines when the amended policies and procedures will be integrated into its systems.**

966. UN-Women has commenced the process of (a) revising its internal control framework and related policies and procedures to be in line with the Financial Regulations and Rules, and (b) finalizing its own policies and procedures, and (c) has incorporated in its workplans the necessary implementation timeline.

Department responsible: Division of Management and Administration

Status: In progress

Priority: High

Target date: Fourth quarter of 2012

967. **In paragraph 34, UN-Women agreed with the Board's recommendation that it (a) develop a plan that defines in detail the activities to be performed and timelines in the process to implement IPSAS and (b) develop a benefits realization plan that will assist the entity to track the achievement of its objectives.**

968. UN-Women has (a) developed a revised detailed IPSAS implementation plan that defines in detail the activities and timelines to be performed in order to implement IPSAS, and (b) included in its revised workplan the development of a benefits realization plan to track the achievement of its objectives. UN-Women corresponded with the United Nations IPSAS task force regarding a template and measurement tools for the completion of this exercise.

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

969. **In paragraph 38, UN-Women agreed with the Board's recommendation that it urgently (a) strengthen capacity in all functional areas affected by IPSAS implementation, (b) formulate a project team to oversee the remaining activities of IPSAS implementation and review the appropriateness of the chosen accounting policies, (c) revise the plan to develop IPSAS opening balances and the data clean-up plan, (d) conduct user-specific training once all accounting policies have been reviewed and approved, (e) review its financial statement preparation processes to ensure that they are in line with IPSAS implementation and (f) develop IPSAS model financial statements.**

970. UN-Women has (a) strengthened capacity in all functional areas affected by IPSAS by recruiting a senior IPSAS project adviser and additional working-level consultants, (b) strengthened the current IPSAS project team (with the inclusion of the Director and Deputy Director of the Division of Management and Administration, the senior IPSAS project adviser and the Special Adviser to the Executive Director), which meets on a biweekly basis to review progress and reports weekly to the Executive Director, (c) drafted a revised detailed IPSAS implementation workplan, including opening balances and data compilation, (d) included in its revised workplan recurrent training for all users, (e) included in its revised workplan a review of its financial statement preparation processes in line with IPSAS implementation, in accordance with its revised workplan, and (f) included in its revised workplan timing for the development of IPSAS model financial statements.

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

971. **In paragraph 45, UN-Women agreed with the Board's recommendation that it develop comprehensive finance manual/procedures detailing the processes and functions required to provide assurance over its financial management function on a monthly, quarterly and yearly basis.**

972. UN-Women has commenced the development of the comprehensive Finance Manual.

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

973. **In paragraph 47, UN-Women agreed with the Board's recommendation that it develop comprehensive year-end closure instructions to support the preparation of accurate financial statements.**

974. As included in the revised detailed IPSAS implementation workplan, UN-Women will develop revised comprehensive year-end closure instructions.

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

975. **In paragraph 51, UN-Women agreed with the Board's recommendation that it make payments on the basis of the presentation and review of sufficient and appropriate supporting documents.**

976. Payments highlighted by the recommendation concern IPSAS-related training courses, provided in New Delhi in 2011, and country office visits by two specialists from Headquarters in January 2012.

Department responsible:	Programme Support Division
Status:	In progress
Priority:	Medium
Target date:	Ongoing

977. **In paragraph 55, UN-Women agreed with the Board's recommendation that it (a) conduct a proper review of transactions subject to write-off in accordance with its policies and procedures, and (b) approve write-offs in accordance with the delegated authority provided in its Financial Regulations and Rules.**

978. UN-Women will conduct the proper review and approval of transactions subject to write-offs in accordance with its applicable Financial Regulations and Rules and with delegated authority.

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	Medium
Target date:	Ongoing

979. **In paragraph 58, UN-Women agreed with the Board's recommendation that it (a) perform regular reviews and reconciliations of all balances and transactions that are included in its financial statements, (b) implement controls to ensure validity of transactions posted in the system, (c) develop ageing tools for accounts payable and receivable, and (d) perform appropriate age analysis for outstanding balances.**

980. With regard to parts (a) and (b) of the recommendation, UN-Women will undertake on an urgent basis the legacy reconciliations inherited from the United Nations Development Fund for Women (UNIFEM) (UNDP) for the years 2005-2010 and write into the detailed finance manual regular reviews and reconciliations of all

balance sheet balances, which will result in ensuring the validity of transactions. As to part (c), UN-Women has included in its workplan the development of automated ageing tools for accounts payable and receivable. Regarding part (d), UN-Women will write into the detailed Finance Manual procedures for the regular review of the ageing analysis for accounts payable and receivable.

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	High
Target date:	First quarter of 2013

981. **In paragraph 62, UN-Women agreed with the Board's recommendation that it perform regular reconciliations of inter-agency balances and obtain confirmations prior to the closure of its accounts.**

982. The UN-Women finance manual will include detailed procedures for regular reconciliations of inter-agency balances, including obtaining formal confirmations prior to closure of the accounts.

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

983. **In paragraph 70, UN-Women agreed with the Board's recommendation that it develop a funding plan for its end-of-service liabilities.**

984. During the fourth quarter of 2012, UN-Women will develop a funding plan for its end-of-service liabilities.

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

985. **In paragraph 76, UN-Women agreed with the Board's recommendation that it (a) develop and implement its own policies and procedures to ensure that there is clarity in and consistent application of procedures in the implementation of programmes, and (b) where it considers the use of procedures applied by other agencies, develop specific and detailed guidelines on the applicable policies and procedures of such agency after an assessment of whether the policies and procedures of such agencies were in line with the Financial Regulations and Rules of UN-Women.**

986. UN-Women has initiated the process of developing its own policies and procedures. In doing so, it will endeavour to apply them consistently throughout the organization.

Department responsible: Division of Management and Administration

Status: In progress

Priority: High

Target date: Fourth quarter of 2012

987. **In paragraph 79, UN-Women agreed with the Board's recommendation that it apply changes in accounting policy consistently from the date of adoption.**

Department responsible: Division of Management and Administration

Status: In progress

Priority: High

Target date: Ongoing

988. **In paragraph 88, UN-Women agreed with the Board's recommendation that it (a) draw on lessons from other United Nations agencies on processes to manage the national implementation assurance process and revise its guidelines for managing national implemented projects, (b) develop adequate procedures to enable it to manage and monitor expenditure incurred by its implementing partners, and (c) develop and maintain a database for tracking projects to be audited and the outcomes of audits.**

989. UN-Women will review the national implementation arrangements, drawing lessons from other United Nations agencies and in line with directions that may emerge from the quadrennial comprehensive policy review, and will systematize this through the planned regular review of its Programme Operations Manual and Financial Regulations and Rules, as appropriate. In addition, a database will be designed to centralize the headquarters management and monitoring of the expenditure incurred by its implementing partners. UN-Women will also develop and maintain a database for tracking projects to be audited and the outcomes of audits with the support of the Office of Audit and Investigations.

Department responsible: Division of Management and Administration

Status: In progress

Priority: High

Target date: Second quarter of 2013

990. **In paragraph 94, UN-Women agreed with the Board's recommendation that it follow up with implementing partners with regard to the submission of annual financial statements and related audit reports.**

991. UN-Women will implement a centralized system to monitor and oversee the submission of the annual financial statements and related audit reports of implementing partners. Furthermore, it will organize training sessions on audit requirements and follow-up for field staff.

Department responsible: Division of Management and Administration

Status: In progress

Priority: High

Target date: Fourth quarter of 2012

992. **In paragraph 97, UN-Women agreed with the Board's recommendation that it (a) improve its project budget management and monitoring procedure to better monitor underspending on projects and (b) address the cause of delays in project implementation to ensure delivery on its mandate.**

993. UN-Women is currently implementing a number of improvements in project management and project delivery through (a) the increased delegation of programme and operational responsibilities to the country and regional offices, (b) the strengthening of the human resources of country and regional offices, and (c) the roll-out of a regional architecture, with programme and operations oversight delegated to regional offices headed by regional directors.

Department responsible:	Programme Support Division
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

994. **In paragraph 101, UN-Women agreed with the Board's recommendations that it perform financial closure of all operationally closed projects within 12 months of operational closure.**

995. UN-Women will implement a centralized system to monitor and oversee financial closure of all operationally closed projects within the required time frame and has appointed a dedicated project team to close an initial group of UNIFEM (UNDP)-inherited legacy projects.

Department responsible:	Division of Management and Administration and Programme Support Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

996. **In paragraph 107, UN-Women agreed with the Board's recommendation that it strive to complete the annual workplan approval process before the start of the performance cycle.**

997. UN-Women recognizes the desirability of completing annual work planning before the end of the year preceding the next performance cycle. This was the first time UN-Women prepared annual workplans and it did so during a period of transformation, including the approval of the strategic plan only halfway through 2011. UN-Women will continue to strengthen efforts to complete annual workplans in advance of the year of implementation and fully agrees with the Board's point that this is the ideal scenario for such processes and instruments. With 2011 having been a transition year, UN-Women anticipates being able to accelerate the process in future years.

Department responsible:	Programme Support Division
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2013

998. **In paragraph 111, UN-Women agreed with the Board's recommendation that it develop and implement a consolidated procurement plan that is approved and regularly reviewed by the appropriate authority.**

999. UN-Women acknowledged that the procurement plan is an essential instrument to achieve proper levels of planning and, thus, more efficient and effective programme implementation. Activities have been initiated in support of the preparation of a consolidated procurement plan.

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

1000. **In paragraph 117, UN-Women agreed with the Board's recommendation that it implement procedures, supported by guidelines and tools, to perform supplier evaluations as part of procurement functions.**

1001. While UN-Women already has in place an accountability framework for contract award and management, it acknowledges the requirement to further strengthen its supplier performance evaluation role. Therefore, to more strongly enforce rule 2411 of its Financial Regulations and Rules, by 30 September 2012, supplier performance at UN-Women will be measured on the basis of the performance indicators delivered in full, on time and within specifications.

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

1002. **In paragraph 120, the UN-Women Pacific Subregional Office agreed with the Board's recommendation that it (a) consider mechanisms to allow it to comply with its policies and procedures regarding the receipt and consideration of quotes in the procurement of goods and services, and (b) establish an evaluation team with appropriate and sufficient knowledge of the procurement principles to review the bids submitted in accordance with its policies and procedures.**

1003. UN-Women is currently putting the appropriate procedures in place.

Department responsible:	Pacific Subregional Office
Status:	In progress
Priority:	High
Target date:	Third quarter of 2012

1004. **In paragraph 126, UN-Women agreed with the Board's recommendation that it (a) perform an adequate reconciliation of the assets registers to ensure that the balance disclosed in the notes of the financial statements is complete and accurate, and that the assets actually exist, and (b) review on a monthly**

basis the general ledger accounts to identify assets that require capitalization onto the asset register.

1005. UN-Women conducted a thorough certification and verification as of 31 December 2011 and the new IPSAS Asset Management Procedures Module Manual and detailed Finance Manual will detail procedures for the reconciliation of asset registers to the general ledger on a monthly basis and at year-end to financial statements.

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

1006. **In paragraph 130, UN-Women agreed with the Board's recommendation that it (a) review and update the asset register on a regular basis to ensure that it includes all the required information relating to the assets, (b) develop guidance on asset certification that addresses all the weaknesses identified by the Board in the assets verification process to ensure that its asset register is complete and accurate, (c) approve all asset disposals through the delegated levels of authority and maintain supporting documentation, (d) perform the asset disposal process in a timely manner and (e) use an appropriate system generated asset register to perform asset physical counts.**

1007. With regard to part (a) and (b) above, UN-Women has included in the revised IPSAS workplan the finalization of the new IPSAS Asset Management Procedures Manual, which includes monthly review and update of the asset register, biannual asset verification procedures and delegated levels of authority. Regarding part (c), UN-Women has new asset management forms that clearly identify delegated levels of authority. As to part (d), in its Asset Management Procedures Manual, UN-Women has set forth that asset management disposals will be performed monthly. With regard to part (e), UN-Women has set forth in its revised Asset Management Procedures Manual that asset management in-service reports will be run on a biennial basis.

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

1008. **In paragraph 136, the Board recommended that UN-Women expedite the process of filling posts at country and regional offices to have adequate staffing.**

1009. As part of the transition and the ongoing transformation process, the filling of posts at UN-Women in 2011 was based on a phased approach. The first phase, focused on Headquarters positions, was fully completed in 2011. The second phase, focused on field-based positions, is intrinsically linked to the outcome of the regional architecture analysis and the related change management process. The recruitment for all international Professional positions approved by the Executive Board for 2011 was fully completed and further recruitments have been initiated based on the positions approved by the Executive Board for 2012-2013. Additional

recruitments will be undertaken and fast-tracked to fill positions that will be approved as part of the regional architecture of UN-Women, which is being reviewed by the Executive Board.

Department responsible:	Division of Management and Administration/ Programme Support Division
Status:	In progress
Priority:	High
Target date:	Ongoing

1010. **In paragraph 140, UN-Women agreed with the Board's recommendation that it perform validation checks on the payroll information that is submitted to UNDP to ensure that it is valid, accurate and complete.**

1011. UN-Women will request UNDP to establish a separate payroll for UN-Women that can be accessed by authorized UN-Women staff and a UN-Women payroll specialist will be engaged to perform regular validation checks on a monthly basis.

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

1012. **In paragraph 144, UN-Women agreed with the Board's recommendation that it (a) review and reconcile manual leave balances with Atlas reports on a regular basis, (b) ensure that the leave balances of all active staff members are uploaded into the Atlas leave system and (c) calculate the leave accrual based in the correct and complete year-end leave balances.**

1013. Designated leave monitors are trained regularly and made aware of the importance and implications of reconciling the manual leave records with Atlas records and the related IPSAS implications. Regular checking will be undertaken by UN-Women through designated focal points for Headquarters and the field. With the strengthening of the field presence of UN-Women, the leave monitoring process for country offices will be managed in-house by UN-Women operations managers directly, thereby ensuring direct oversight of the process. The new detailed Finance Manual will set forth procedures to ensure that leave accruals are based on certified balances.

Department responsible:	Division of Management and Administration/field offices
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

1014. **In paragraph 148, the Board recommended that UN-Women consider the establishment of a properly constituted audit committee to strengthen its governance and oversight arrangements.**

1015. A search committee to identify members of the future UN-Women Audit Advisory Committee has been established. The terms of reference of the Committee are in line with standard United Nations system practice and were vetted by the UNDP Office of Audit and Investigations prior to their approval by the Executive Director of UN-Women.

Department responsible:	Executive Office
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

1016. **In paragraph 156, the Office of Audit and Investigations agreed with the Board's recommendation that it develop a plan based on a UN-Women risk assessment that takes into account the total risks of the new entity as a whole, including Headquarters units.**

1017. UN-Women has started the risk assessment process. So far, 22 managers and senior managers have been interviewed and two workshops, with a combined attendance of approximately 20 participants, have been conducted. Further interviews and workshops were planned through July and a draft report of findings was to be available by the end of August 2012. The findings and recommendations will form the basis of an organization-wide risk management plan for UN-Women.

Department responsible:	Office of Audit and Investigations
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

1018. **In paragraph 165, UN-Women agreed with the Board's recommendation that it (a) develop a detailed action plan to address internal audit recommendations and (b) regularly monitor progress in implementing them.**

1019. The comprehensive audit and recommendations database system itself constitutes an action plan and progress is monitored monthly. A dashboard will be created and monthly feedback will be given to senior management to ensure that critical areas are addressed as a matter of urgency. UN-Women will update its managers on a regular basis regarding the status of implementation of audit recommendations, with specific measures for follow-up.

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	High
Target date:	First quarter of 2013